

Managed Investment Funds & Premier CMT

2011 Annual Financial Report

Investments

Colonial First State Investments Ltd
ABN 98 002 348 352
AFS Licence 232468



Dear Investor

Your Annual Financial Report

I am pleased to present the reports for the financial year ended 30 June 2011 for Colonial First State Managed Investment Funds & Premier CMT.

This statement is the final component of the reporting information for the 2010–2011 financial year.

If you have any questions about the Annual Financial Report, please call Investor Services on 13 13 36 Monday to Friday, 8am to 7pm, Sydney time.

A handwritten signature in black ink that reads "Brian Bissaker". The signature is written in a cursive, flowing style.

Brian Bissaker
Chief Executive Officer



COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

Represented by:

| | ARSN |
|--|-------------|
| Colonial First State Conservative Fund | 087 553 517 |
| Colonial First State Balanced Fund | 087 553 839 |
| Colonial First State Diversified Fund | 087 554 069 |
| Colonial First State High Growth Fund | 087 554 256 |
| Colonial First State Australian Share Fund | 087 554 372 |
| Colonial First State Imputation Fund | 087 554 443 |
| Colonial First State Future Leaders Fund | 087 554 578 |
| Colonial First State Developing Companies Fund | 087 554 676 |
| Colonial First State Geared Share Fund | 087 562 641 |
| Colonial First State Global Share Fund | 087 554 827 |
| Colonial First State Global Resources Fund | 087 554 872 |
| Colonial First State Geared Global Share Fund | 096 391 927 |
| Colonial First State Property Securities Fund | 087 554 292 |
| Colonial First State Cash Fund | 087 553 384 |
| Colonial First State Premier CMT | 087 562 481 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 098 596 662 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 098 594 873 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 098 594 855 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 098 597 025 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 098 589 470 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 098 596 877 |

**Financial Report for the
Reporting Period Ended 30 June 2011
Responsible Entity of the Funds:**

**COLONIAL FIRST STATE INVESTMENTS LIMITED
ABN 98 002 348 352**

Ground Floor Tower 1, Sussex Street
SYDNEY NSW 2000

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

INDEX

| | Page |
|---|-----------|
| Directors' Report | 1 - 7 |
| Auditor's Independence Declaration | 8 |
| Statements of Comprehensive Income | 9 - 15 |
| Balance Sheets | 16 - 22 |
| Statements of Changes in Equity | 23 - 29 |
| Cash Flow Statements | 30 - 36 |
| Notes to the Financial Statements | 37 - 120 |
| Directors' Declaration | 121 |
| Independent Auditor's Report to the Unitholders | 122 - 123 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Managed Investment Funds ("the Funds"), present their report together with the financial report of the Funds for the reporting period ended 30 June 2011.

Reporting Period

The current reporting period for the financial report is from 1 July 2010 to 30 June 2011. The comparative reporting period is from 1 July 2009 to 30 June 2010.

Principal Activities

This financial report consists of twenty one managed investment schemes belonging to the family of Funds known as the Colonial First State Managed Investment Funds. The Funds in this financial report and the dates of their Constitution and registration with the Australian Securities & Investment Commission are presented as follows:

| | Date of Constitution | Date of Registration |
|---|-------------------------|-------------------------|
| Colonial First State Conservative Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Balanced Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Diversified Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State High Growth Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Australian Share Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Imputation Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Future Leaders Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Developing Companies Fund* | 11/05/1999 | 9/06/1999 |
| Colonial First State Geared Share Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Global Share Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Global Resources Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Geared Global Share Fund | 27/03/2001 | 6/04/2001 |
| Colonial First State Property Securities Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Cash Fund | 11/05/1999 | 9/06/1999 |
| Colonial First State Premier CMT | 11/05/1999 | 9/06/1999 |
| Colonial First State Conservative Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |
| Colonial First State Balanced Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |
| Colonial First State Diversified Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |
| Colonial First State Imputation Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option* | 24/10/2001 | 12/11/2001 |

* The Fund is closed to new investors.

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Funds' Constitutions.

With the exception of the Colonial First State Australian Share Fund, the Colonial First State Imputation Fund, the Colonial First State Future Leaders Fund, the Colonial First State Developing Companies Fund and the Colonial First State Premier CMT which are exposed directly to the investment markets, the remaining Funds achieve their exposure to the investment markets through investments in registered schemes managed by the Responsible Entity.

The Colonial First State Managed Investment Funds provide access to a range of unlisted managed investment funds which include diversified multi-sector funds and single sector funds including Australian share funds, global share funds, listed property securities funds and income funds.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Review of Operations

The investment policy of the Funds continues to be that detailed in the current Product Disclosure Statement and in accordance with the Constitutions of the Funds.

The results of the Funds for the reporting period were as follows:

Income

The income distributions per unit for each of the Funds for the period ended 30 June 2011 and for the period ended 30 June 2010 are shown in Note 4 to the financial statements.

Exit Prices

The exit price is the price at which unitholders realise an entitlement in a Fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a Fund. NAV unit price is calculated by taking the total fair value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by unitholders on that day. Financial assets held for trading, for unit pricing purposes are valued on "last sale" price basis. Please refer to the current Product Disclosure Statements for the Colonial First State Managed Investment Funds and the Colonial First State Premier CMT for details of the current selling spreads for the Funds.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2011, together with comparative unit prices as at 30 June 20:

| | 30/6/2011 \$ | 30/6/2010 \$ |
|--|-----------------|-----------------|
| Colonial First State Conservative Fund | 1.0883 | 1.0773 |
| Colonial First State Balanced Fund | 1.2057 | 1.1815 |
| Colonial First State Diversified Fund | 1.4739 | 1.4312 |
| Colonial First State High Growth Fund | 1.0067 | 0.9495 |
| Colonial First State Australian Share Fund | 1.8759 | 1.7559 |
| Colonial First State Imputation Fund | 3.1217 | 2.9152 |
| Colonial First State Future Leaders Fund | 3.4119 | 3.0343 |
| Colonial First State Developing Companies Fund | 2.1993 | 2.0536 |
| Colonial First State Geared Share Fund | 1.3888 | 1.3873 |
| Colonial First State Global Share Fund | 0.8873 | 0.8712 |
| Colonial First State Global Resources Fund | 1.5481 | 1.3981 |
| Colonial First State Geared Global Share Fund | 0.4468 | 0.3927 |
| Colonial First State Property Securities Fund | 0.4982 | 0.4978 |
| Colonial First State Cash Fund | 1.0094 | 1.0080 |
| Colonial First State Premier CMT | 1.0000 | 1.0000 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 0.8825 | 0.8734 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 0.8240 | 0.8074 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 0.8221 | 0.7980 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 0.7666 | 0.7242 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 0.4959 | 0.4857 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 0.3082 | 0.3093 |

Units in the Colonial First State Premier CMT are recorded at \$1.00 and interest is calculated and accrued daily.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Management Costs and Indirect Cost Ratio (ICR)

Management costs include estimated performance fees (if applicable), investment expenses and custody fees and management fees paid or payable as provided under the Constitution for a Fund. These costs are not paid directly by the unitholders of a Fund and do not include transactions costs and additional service fees.

The ICR of a Fund is expressed as a percentage of a Fund's management costs over the Fund's average net assets.

The ICR of the Funds are shown in the following table:

| | ICR 2011 % | ICR 2010 % |
|--|------------------|------------------|
| Colonial First State Conservative Fund | 1.40 | 1.41 |
| Colonial First State Balanced Fund | 1.51 | 1.51 |
| Colonial First State Diversified Fund | 1.76 | 1.76 |
| Colonial First State High Growth Fund | 2.11 | 2.11 |
| Colonial First State Australian Share Fund | 1.77 | 1.76 |
| Colonial First State Imputation Fund | 1.76 | 1.76 |
| Colonial First State Future Leaders Fund | 2.02 | 2.02 |
| Colonial First State Developing Companies Fund | 2.24 | 2.27 |
| Colonial First State Geared Share Fund | 3.23 | 3.00 |
| Colonial First State Global Share Fund | 2.07 | 2.06 |
| Colonial First State Global Resources Fund | 2.26 | 2.26 |
| Colonial First State Geared Global Share Fund | 2.64 | 2.68 |
| Colonial First State Property Securities Fund | 1.50 | 1.50 |
| Colonial First State Cash Fund | 0.95 | 0.95 |
| Colonial First State Premier CMT | 0.65 | 0.65 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 1.80 | 1.81 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 1.91 | 1.91 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 2.16 | 2.16 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 2.16 | 2.15 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 3.63 | 3.40 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 1.90 | 1.90 |

Performance

The performance figures below (with the exception of the Colonial First State Premier CMT) have been calculated using exit prices and treating distributions of income (which may include net realised capital gains from the sale of financial assets held for trading) as reinvested and with no allowance made for the taxation of the distributions of income. The performance of the Colonial First State Premier CMT is calculated based on income accrued daily and credited quarterly.

| | Period ended Total Return June 2011 % | Period ended Total Return June 2010 % |
|--|--|--|
| Colonial First State Conservative Fund | 5.67 | 8.39 |
| Colonial First State Balanced Fund | 6.14 | 9.01 |
| Colonial First State Diversified Fund | 6.29 | 10.58 |
| Colonial First State High Growth Fund | 7.53 | 10.20 |
| Colonial First State Australian Share Fund | 9.02 | 13.40 |
| Colonial First State Imputation Fund | 9.50 | 13.34 |
| Colonial First State Future Leaders Fund | 14.43 | 21.33 |
| Colonial First State Developing Companies Fund | 30.23 | 29.67 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Review of Operations (continued)

Performance (continued)

| | Period ended Total Return June 2011 % | Period ended Total Return June 2010 % |
|--|--|--|
| Colonial First State Geared Share Fund | 3.78 | 14.43 |
| Colonial First State Global Share Fund | 1.85 | 0.41 |
| Colonial First State Global Resources Fund | 15.44 | 15.74 |
| Colonial First State Geared Global Share Fund | 13.78 | 2.45 |
| Colonial First State Property Securities Fund | 4.64 | 16.96 |
| Colonial First State Cash Fund | 4.68 | 3.67 |
| Colonial First State Premier CMT | 4.35 | 3.23 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 5.26 | 7.94 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 5.72 | 8.56 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 5.86 | 10.11 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 9.04 | 12.87 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 3.35 | 13.86 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 4.19 | 16.52 |

Responsible Entity and Directors

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the reporting period and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed we will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

Significant Changes in the State of Affairs

The Funds are expected to continue to operate within the terms of their Constitutions, and will continue to invest in accordance with their investment objectives and guidelines. There were no other significant changes to the state of affairs of the Funds during the reporting period.

Indemnification and Insurance Premiums for Officers and auditors

No insurance premiums are paid for out of the assets of the Funds in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Funds. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the Compliance Committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

Fees Paid to and Interest Held in the Funds by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Funds' assets during the period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the period out of the Funds' assets.

The interests in the Funds held by the Responsible Entity or its associates at the end of the financial period are disclosed in Note 8(e) to the financial statements.

Interests in the Funds

The units issued and redeemed in the Funds during the period and the number of units on issue at the end of the financial period are set out in Note 6(a) to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Environmental Regulation

The Funds' operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Funds.

Rounding of amounts to the nearest thousand dollars

The Funds are registered schemes of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Single Financial Report

The Funds are of the kind referred to in Class Order 06/0441 dated 29 June 2006 issued by the Australian Securities & Investments Commission and in accordance with that Class Order, Funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceeds from redeeming units in a Fund can be applied to acquire units in other Funds included in this financial report.

Matters Subsequent to the End of the Financial Period

Since the balance date Australian and international share markets have experienced a period of significant falls, impacting on the valuation of the Funds' investment portfolio.

Certain Funds, directly or through their investment in other related managed investment schemes, hold investment positions, including derivatives, that expose it to Australian and international listed equities. As the investments are measured at their 30 June 2011 fair values in the financial report, these subsequent falls in value are not reflected in the Statement of Comprehensive Income and the Balance Sheet. As the Fund allocates all of its investment income to unitholders, the fall in value of investments have been reflected in the current unit price, resulting in a corresponding reduction in net assets attributable to unitholders. See Note 13 for the unit prices for these Funds as at 25 August 2011.

No other matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Funds in future financial periods.

Likely Developments and Expected Results of Operations

The Funds are expected to continue to operate within the terms of their Constitutions, and will continue to invest in accordance with their investment objectives and guidelines.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.

A handwritten signature in black ink, appearing to read 'Bradley Massey', written in a cursive style.

Bradley Brian Massey
Director
Sydney
30 August 2011

Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Managed Investment Funds for the period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Managed Investment Funds during the period.

A handwritten signature in dark ink, appearing to be 'A J Wilson', with a long horizontal flourish extending to the right.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
30 August 2011

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com/au

Liability limited by a scheme approved under Professional Standards Legislation.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|--|------|---|--------------------------------------|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 13 | 10 | 16 | 13 | 32 | 28 |
| Distribution income | | 5,326 | 6,298 | 6,537 | 6,822 | 12,064 | 12,081 |
| Changes in fair value of financial instruments held for trading | | 1,424 | 4,185 | 3,381 | 8,198 | 10,182 | 25,069 |
| Other income | | 1 | - | - | - | - | - |
| Total investment income | | 6,764 | 10,493 | 9,934 | 15,033 | 22,278 | 37,178 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 699 | 773 | 963 | 1,048 | 2,519 | 2,772 |
| Other expenses | | 1 | - | 1 | - | 1 | - |
| Total operating expenses | | 700 | 773 | 964 | 1,048 | 2,520 | 2,772 |
| Operating profit attributable to unitholders | | 6,064 | 9,720 | 8,970 | 13,985 | 19,758 | 34,406 |
| Distributions to unitholders | 4 | (4,693) | (5,534) | (5,654) | (5,788) | (9,714) | (9,336) |
| Change in net assets attributable to unitholders from operations | 6 | (1,371) | (4,186) | (3,316) | (8,197) | (10,044) | (25,070) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|--|------|--|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 7 | 7 | 75 | 58 | 697 | 629 |
| Dividend Income | | - | - | 5,421 | 5,520 | 75,808 | 74,920 |
| Distribution income | | 1,346 | 1,094 | 644 | 76 | 8,650 | 1,029 |
| Changes in fair value of financial instruments held for trading | | 3,498 | 5,134 | 9,734 | 15,961 | 133,084 | 222,950 |
| Other income | | - | - | 22 | 87 | 674 | 1,479 |
| Responsible Entity fees rebate | 8(c) | - | - | - | - | 4 | - |
| Total investment income | | 4,851 | 6,235 | 15,896 | 21,702 | 218,917 | 301,007 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 558 | 594 | 2,642 | 2,776 | 34,783 | 37,453 |
| Brokerage costs | | - | - | 204 | 171 | 1,847 | 2,431 |
| Other expenses | | - | - | - | - | - | 2 |
| Total operating expenses | | 558 | 594 | 2,846 | 2,947 | 36,630 | 39,886 |
| Operating profit attributable to unitholders | | 4,293 | 5,641 | 13,050 | 18,755 | 182,287 | 261,121 |
| Distributions to unitholders | 4 | (810) | (501) | (3,064) | (2,937) | (44,829) | (47,594) |
| Change in net assets attributable to unitholders from operations | 6 | (3,483) | (5,140) | (9,986) | (15,818) | (137,458) | (213,527) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|--|------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 625 | 775 | 252 | 283 | 35 | 40 |
| Dividend Income | | 25,476 | 23,547 | 10,231 | 10,751 | - | - |
| Distribution income | | 28 | 25 | 7 | 6 | 3,156 | 5,896 |
| Changes in fair value of financial instruments held for trading | | 80,378 | 111,951 | 70,015 | 59,085 | 12,507 | 35,319 |
| Other income | | 11 | 405 | 66 | 279 | - | - |
| Responsible Entity fees rebate | 8(c) | - | - | - | - | - | - |
| Net foreign exchange (loss)/gain | | (27) | (364) | 6 | 47 | - | - |
| Total investment income | | 106,491 | 136,339 | 80,577 | 70,451 | 15,698 | 41,255 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 14,194 | 13,902 | 6,706 | 6,120 | 2,861 | 3,334 |
| Brokerage costs | | 800 | 742 | 218 | 135 | - | - |
| Other expenses | | - | - | 1 | - | 2 | - |
| Total operating expenses | | 14,994 | 14,644 | 6,925 | 6,255 | 2,863 | 3,334 |
| Operating profit attributable to unitholders | | 91,497 | 121,695 | 73,652 | 64,196 | 12,835 | 37,921 |
| Distributions to unitholders | 4 | (12,199) | (9,420) | (55,984) | (5,731) | (9,679) | (24,200) |
| Change in net assets attributable to unitholders from operations | 6 | (79,298) | (112,275) | (17,668) | (58,465) | (3,156) | (13,721) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|--|------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 5 | 5 | 21 | 11 | 4 | 3 |
| Distribution income | | 433 | 304 | 115 | - | - | - |
| Changes in fair value of financial instruments held for trading | | 860 | 527 | 26,237 | 25,406 | 4,300 | 1,151 |
| Total investment income | | 1,298 | 836 | 26,373 | 25,417 | 4,304 | 1,154 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 399 | 456 | 1,940 | 1,843 | 289 | 302 |
| Other expenses | | - | - | 1 | 1 | 1 | - |
| Total operating expenses | | 399 | 456 | 1,941 | 1,844 | 290 | 302 |
| Operating profit attributable to unitholders | | 899 | 380 | 24,432 | 23,573 | 4,014 | 852 |
| Distributions to unitholders | 4 | - | - | (6,736) | (80) | - | - |
| Change in net assets attributable to unitholders from operations | 6 | (899) | (380) | (17,696) | (23,493) | (4,014) | (852) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | |
|--|------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 7 | 6 | 4 | 11 | 5,396 | 5,629 |
| Distribution income | | 3,535 | 4,588 | 1,759 | 1,719 | - | - |
| Changes in fair value of financial instruments held for trading | | 226 | 7,678 | 74 | 89 | - | - |
| Other income | | 2 | - | - | - | - | - |
| Total investment income | | 3,770 | 12,272 | 1,837 | 1,819 | 5,396 | 5,629 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 479 | 547 | 198 | 240 | 707 | 957 |
| Other expenses | | - | - | 1 | - | 8 | 8 |
| Total operating expenses | | 479 | 547 | 199 | 240 | 715 | 965 |
| Operating profit attributable to unitholders | | 3,291 | 11,725 | 1,638 | 1,579 | 4,681 | 4,664 |
| Distributions to unitholders | 4 | (3,099) | (4,052) | (1,582) | (1,487) | (4,697) | (4,657) |
| Change in net assets attributable to unitholders from operations | 6 | (192) | (7,673) | (56) | (92) | 16 | (7) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|--|------|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | | | |
| Interest income | 3 | 4 | 3 | 2 | 2 | 2 | 2 |
| Distribution income | | 1,491 | 1,838 | 749 | 815 | 542 | 553 |
| Changes in fair value of financial instruments held for trading | | 430 | 1,289 | 398 | 1,065 | 461 | 1,191 |
| Other income | | - | - | 1 | 1 | - | - |
| Total investment income | | 1,925 | 3,130 | 1,150 | 1,883 | 1,005 | 1,746 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 319 | 367 | 178 | 205 | 170 | 191 |
| Other expenses | | - | - | - | - | 1 | - |
| Total operating expenses | | 319 | 367 | 178 | 205 | 171 | 191 |
| Operating profit attributable to unitholders | | 1,606 | 2,763 | 972 | 1,678 | 834 | 1,555 |
| Distributions to unitholders | 4 | (1,191) | (1,472) | (581) | (612) | (379) | (460) |
| Change in net assets attributable to unitholders from operations | 6 | (415) | (1,291) | (391) | (1,066) | (455) | (1,095) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | | | | | | |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

| | | Colonial First State Imputation Fund - Nil Entry Fee Option | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|--|------|---|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | Note | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
| Investment income | | | | | | | |
| Interest income | 3 | 3 | 3 | 1,893 | 1,545 | 440 | 501 |
| Dividend Income | | - | - | - | - | - | - |
| Distribution income | | 853 | 849 | 114,387 | 196,391 | 190,807 | 252,517 |
| Changes in fair value of financial instruments held for trading | | 1,969 | 3,353 | 412,160 | 1,634,993 | 12,797 | 431,876 |
| Other income | | - | - | - | 231 | - | - |
| Total investment income | | 2,825 | 4,205 | 528,440 | 1,833,160 | 204,044 | 684,894 |
| Expenses | | | | | | | |
| Responsible Entity's management fees | 8(c) | 337 | 373 | 140,708 | 172,217 | 40,619 | 47,488 |
| Other expenses | | 1 | - | 73 | 104 | 543 | 86 |
| Total operating expenses | | 338 | 373 | 140,781 | 172,321 | 41,162 | 47,574 |
| Operating profit attributable to unitholders | | 2,487 | 3,832 | 387,659 | 1,660,839 | 162,882 | 637,320 |
| Distributions to unitholders | 4 | (829) | (1,073) | (119,503) | (208,428) | (166,831) | (205,700) |
| Change in net assets attributable to unitholders from operations | 6 | (1,658) | (2,759) | (268,156) | (1,452,411) | 3,949 | (431,620) |
| Profit/(Loss) for the period | | - | - | - | - | - | - |
| Other comprehensive income for the period | | | | | | | |
| Total comprehensive income for the period | | - | - | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | Note | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|---|------|---|----------------------|---------------------------------------|----------------------|--|----------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Assets | | | | | | | |
| Cash and cash equivalents | | 782 | 997 | 886 | 1,245 | 1,661 | 1,215 |
| Trade and other receivables: | | | | | | | |
| - application monies | | - | 228 | 11 | 4 | 3 | 4 |
| - interests | | 2 | 2 | 2 | 2 | 4 | 4 |
| - others | | 18 | 20 | 27 | 28 | 67 | 75 |
| Financial assets held for trading | 5 | 99,847 | 111,229 | 139,167 | 150,155 | 293,291 | 319,313 |
| Total assets | | 100,649 | 112,476 | 140,093 | 151,434 | 295,026 | 320,611 |
| Liabilities | | | | | | | |
| Trade and other payables: | | | | | | | |
| - redemptions | | 69 | 92 | 52 | 58 | 192 | 65 |
| Distribution payable | | 561 | 597 | 511 | 579 | 698 | 271 |
| Fees due to Responsible Entity | 8(c) | 60 | 67 | 83 | 90 | 215 | 233 |
| Total liabilities (excluding net assets attributable to unitholders) | | 690 | 756 | 646 | 727 | 1,105 | 569 |
| Net assets attributable to unitholders - liability | | 99,959 | 111,720 | 139,447 | 150,707 | 293,921 | 320,042 |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 99,960 | 111,719 | 139,448 | 150,712 | 293,920 | 320,040 |
| Adjustment to period end accruals | | (1) | 1 | (1) | (5) | 1 | 2 |
| Net assets attributable to unitholders | | 99,959 | 111,720 | 139,447 | 150,707 | 293,921 | 320,042 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|--|------|--|----------------------|---|----------------------|---|----------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| | Note | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | | 261 | 201 | 700 | 2,671 | 32,010 | 26,031 |
| Trade and other receivables: | | | | | | | |
| - outstanding sales settlement | | - | - | 1,556 | 669 | 111 | 7,052 |
| - application monies | | 3 | - | 9 | 11 | 28 | 106 |
| - dividends | | - | - | 879 | 812 | 11,454 | 11,031 |
| - interests | | 1 | 1 | 3 | 7 | 68 | 49 |
| - others | | 16 | 17 | 76 | 81 | 935 | 1,051 |
| Financial assets held for trading | 5 | 55,169 | 56,816 | 138,529 | 142,478 | 1,812,160 | 1,894,686 |
| Total assets | | 55,450 | 57,035 | 141,752 | 146,729 | 1,856,766 | 1,940,006 |
| Liabilities | | | | | | | |
| Trade and other payables: | | | | | | | |
| - outstanding purchase settlements | | - | - | 684 | 1,187 | 354 | 6,422 |
| - redemptions | | 51 | 3 | 214 | 55 | 801 | 780 |
| - others | | 2 | - | 1 | - | - | - |
| Distribution payable | | 23 | 5 | 29 | 58 | 278 | 1,026 |
| Fees due to Responsible Entity | 8(c) | 48 | 49 | 224 | 232 | 2,939 | 3,065 |
| Financial liabilities held for trading | 5 | - | - | - | 144 | - | 2,516 |
| Total liabilities (excluding net assets attributable to unitholders) | | 124 | 57 | 1,152 | 1,676 | 4,372 | 13,809 |
| Net assets attributable to unitholders - liability | | 55,326 | 56,978 | 140,600 | 145,053 | 1,852,394 | 1,926,197 |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 55,327 | 56,979 | 140,474 | 144,836 | 1,850,499 | 1,923,360 |
| Adjustments arising from different unit pricing and AIFRS valuation principles | | - | - | (133) | (60) | (1,550) | (849) |
| Buy and sell spread | | - | - | 267 | 280 | 3,518 | 3,718 |
| Adjustment to period end accruals | | (1) | (1) | (8) | (3) | (73) | (32) |
| Net assets attributable to unitholders | | 55,326 | 56,978 | 140,600 | 145,053 | 1,852,394 | 1,926,197 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|--|------|---|----------------------|--|----------------------|---|----------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| | Note | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | | 12,124 | 10,693 | 8,598 | 2,624 | 2,282 | 4,226 |
| Trade and other receivables: | | | | | | | |
| - outstanding sales settlement | | 1,344 | 96 | - | - | - | - |
| - application monies | | 190 | 49 | - | 3 | 72 | 245 |
| - dividends | | 1,700 | 2,174 | 197 | 138 | - | - |
| - interests | | 55 | 55 | 24 | 21 | 4 | 5 |
| - others | | 400 | 395 | 186 | 169 | 74 | 94 |
| Financial assets held for trading | 5 | 663,400 | 631,802 | 273,464 | 244,400 | 270,077 | 285,057 |
| Total assets | | 679,213 | 645,264 | 282,469 | 247,355 | 272,509 | 289,627 |
| Liabilities | | | | | | | |
| Trade and other payables: | | | | | | | |
| - outstanding purchase settlements | | 942 | 776 | 454 | - | - | - |
| - redemptions | | 302 | 575 | 123 | 74 | 103 | 302 |
| - others | | - | - | - | - | 1 | - |
| Distribution payable | | 606 | 757 | 4,101 | 330 | 1,245 | 3,127 |
| Fees due to Responsible Entity | 8(c) | 1,233 | 1,169 | 578 | 506 | 215 | 290 |
| Financial liabilities held for trading | 5 | - | 325 | - | - | - | - |
| Total liabilities (excluding net assets attributable to unitholders) | | 3,083 | 3,602 | 5,256 | 910 | 1,564 | 3,719 |
| Net assets attributable to unitholders - liability | | 676,130 | 641,662 | 277,213 | 246,445 | 270,945 | 285,908 |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 677,800 | 642,926 | 278,438 | 247,457 | 270,944 | 285,922 |
| Adjustments arising from different unit pricing and AIFRS valuation principles | | (3,018) | (2,565) | (1,783) | (1,497) | - | - |
| Buy and sell spread | | 1,358 | 1,288 | 558 | 496 | - | - |
| Adjustment to period end accruals | | (10) | 13 | - | (11) | 1 | (14) |
| Net assets attributable to unitholders | | 676,130 | 641,662 | 277,213 | 246,445 | 270,945 | 285,908 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|---|------|---|----------------------|--|----------------------|---|----------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Note | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | | 135 | 167 | 2,111 | 520 | 111 | 115 |
| Trade and other receivables: | | | | | | | |
| - application monies | | 8 | - | 121 | 23 | - | - |
| - interests | | 1 | 1 | 3 | 2 | - | - |
| - others | | 11 | 12 | 52 | 52 | 9 | 8 |
| Fee rebate due from | | | | | | | |
| Financial assets held for trading | 5 | 42,338 | 46,592 | 162,644 | 160,174 | 30,978 | 29,263 |
| Total assets | | 42,493 | 46,772 | 164,931 | 160,771 | 31,098 | 29,386 |
| Liabilities | | | | | | | |
| Trade and other payables: | | | | | | | |
| - redemptions | | 25 | 32 | 38 | 44 | 9 | 35 |
| - others | | - | - | 3 | - | - | - |
| Distribution payable | | - | - | 1,823 | 20 | - | - |
| Fees due to Responsible Entity | 8(c) | 35 | 38 | 167 | 160 | 26 | 24 |
| Total liabilities (excluding net assets attributable to unitholders) | | 60 | 70 | 2,031 | 224 | 35 | 59 |
| Net assets attributable to unitholders - liability | | 42,433 | 46,702 | 162,900 | 160,547 | 31,063 | 29,327 |
| 6 | | | | | | | |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 42,433 | 46,705 | 162,900 | 160,542 | 31,063 | 29,326 |
| Adjustment to period end accruals | | - | (3) | - | 5 | - | 1 |
| Net assets attributable to unitholders | | 42,433 | 46,702 | 162,900 | 160,547 | 31,063 | 29,327 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | | |
|--|------|---|----------------------|-----------------------------------|----------------------|-------------------------------------|----------------------|---------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | |
| Note | | | | | | | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | | 280 | 407 | 64 | 362 | 8,326 | 11,209 | |
| Trade and other receivables: | | | | | | | | |
| - application monies | | - | 1 | 152 | 25 | - | 347 | |
| - interests | | 1 | 1 | - | 1 | 27 | 59 | |
| - others | | 82 | 84 | 5 | 6 | 17 | 25 | |
| Financial assets held for trading | 5 | 63,053 | 72,481 | 35,296 | 38,299 | 87,674 | 126,333 | |
| Total assets | | 63,416 | 72,974 | 35,517 | 38,693 | 96,044 | 137,973 | |
| Liabilities | | | | | | | | |
| Trade and other payables: | | | | | | | | |
| - redemptions | | 67 | 1 | 38 | 242 | 141 | - | |
| - others | | 1 | 1 | - | - | 13 | 5 | |
| Distribution payable | | 21 | 588 | 22 | 19 | 309 | 464 | |
| Fees due to Responsible Entity | 8(c) | 40 | 46 | 18 | 19 | 56 | 80 | |
| Total liabilities (excluding net assets attributable to unitholders) | | 129 | 636 | 78 | 280 | 519 | 549 | |
| Net assets attributable to unitholders - liability | | 6 | 63,287 | 72,338 | 35,439 | 38,413 | 95,525 | 137,424 |
| Represented by: | | | | | | | | |
| Fair value of outstanding units based on redemption value | | 63,287 | 72,338 | 35,439 | 38,414 | 95,557 | 137,439 | |
| Adjustments arising from different unit pricing and AIFRS valuation principles | | - | - | - | - | (1) | (2) | |
| Under or (over) distributions | | - | - | - | - | - | (13) | |
| Adjustment to period end accruals | | - | - | - | (1) | (31) | - | |
| Net assets attributable to unitholders | | 63,287 | 72,338 | 35,439 | 38,413 | 95,525 | 137,424 | |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | Note | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|---|------|---|----------------------|---|----------------------|--|----------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Assets | | | | | | | |
| Cash and cash equivalents | | 230 | 340 | 96 | 201 | 76 | 53 |
| Trade and other receivables: | | | | | | | |
| - application monies | | - | - | - | - | 1 | 10 |
| - interests | | 1 | 1 | - | - | - | - |
| - others | | 8 | 9 | 6 | 5 | 4 | 7 |
| Financial assets held for trading | 5 | 27,473 | 32,019 | 15,996 | 17,546 | 13,199 | 14,485 |
| Total assets | | 27,712 | 32,369 | 16,098 | 17,752 | 13,280 | 14,555 |
| Liabilities | | | | | | | |
| Trade and other payables: | | | | | | | |
| - redemptions | | 55 | 100 | 6 | 71 | 21 | 3 |
| - others | | 1 | - | - | - | 1 | - |
| Distribution payable | | 99 | 114 | 46 | 50 | 14 | 6 |
| Fees due to Responsible Entity | 8(c) | 26 | 31 | 15 | 17 | 14 | 16 |
| Total liabilities (excluding net assets attributable to unitholders) | | 181 | 245 | 67 | 138 | 50 | 25 |
| Net assets attributable to unitholders - liability | | 27,531 | 32,124 | 16,031 | 17,614 | 13,230 | 14,530 |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 27,531 | 32,123 | 16,031 | 17,614 | 13,230 | 14,530 |
| Adjustment to period end accruals | | - | 1 | - | - | - | - |
| Net assets attributable to unitholders | | 27,531 | 32,124 | 16,031 | 17,614 | 13,230 | 14,530 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Imputation Fund - Nil Entry Fee Option | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|---|------|---|----------------------|---|------------------|---|------------------|
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$ | 30/06/2010 \$ | 30/06/2011 \$ | 30/06/2010 \$ |
| Note | | | | | | | |
| Assets | | | | | | | |
| Cash and cash equivalents | | 108 | 129 | - | 92,700 | 21,282 | 41,843 |
| Trade and other receivables: | | | | | | | |
| - application monies | | - | - | 150,500 | 913 | - | 635 |
| - interests | | - | - | - | - | 54 | 95 |
| - others | | 9 | 10 | 3,535 | 4,371 | 1,041 | 1,208 |
| Financial assets held for trading | 5 | 26,244 | 27,467 | 9,789,556 | 9,495,409 | 3,449,715 | 3,840,356 |
| Total assets | | 26,361 | 27,606 | 9,943,591 | 9,593,393 | 3,472,092 | 3,884,137 |
| Liabilities | | | | | | | |
| Bank overdraft | | - | - | 88,031 | - | - | - |
| Trade and other payables: | | | | | | | |
| - redemptions | | 34 | 4 | 9,000 | - | 8,908 | 18,244 |
| - others | | - | - | - | 407 | - | - |
| Distribution payable | | 17 | 25 | 13,176 | 25,734 | 2,576 | 15,559 |
| Fees due to Responsible Entity | 8(c) | 29 | 30 | 11,012 | 13,770 | 3,454 | 3,855 |
| Total liabilities (excluding net assets attributable to unitholders) | | 80 | 59 | 121,219 | 39,911 | 14,938 | 37,658 |
| Net assets attributable to unitholders - liability | | 26,281 | 27,547 | 9,822,372 | 9,553,482 | 3,457,154 | 3,846,479 |
| 6 | | | | | | | |
| Represented by: | | | | | | | |
| Fair value of outstanding units based on redemption value | | 26,281 | 27,546 | 9,822,323 | 9,555,328 | 3,457,150 | 3,846,344 |
| Adjustment to period end accruals | | - | 1 | 49 | (1,846) | 4 | 135 |
| Net assets attributable to unitholders | | 26,281 | 27,547 | 9,822,372 | 9,553,482 | 3,457,154 | 3,846,479 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|---|---|--------------------------------------|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|---|--|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|---|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|---|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | |
|--|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|---|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|---|---|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
| Total equity at the beginning of the financial period | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|---|------|---|-----------------------------------|---------------------------------------|-----------------------------------|--|-----------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 18,813 | 18,137 | 21,915 | 19,432 | 50,966 | 39,404 |
| Payments for purchase of financial instruments held for trading | | (680) | (1,963) | (1,010) | (1,311) | (2,700) | (3,817) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 13 | 8 | 16 | 12 | 32 | 26 |
| Other income received | | 1 | - | - | - | - | - |
| Responsible Entity fee paid | | (704) | (775) | (967) | (1,050) | (2,530) | (2,775) |
| Other expenses paid | | - | - | - | - | - | (2) |
| Net cash from operating activities | 7(a) | 17,443 | 15,407 | 19,954 | 17,083 | 45,768 | 32,836 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 3,402 | 5,611 | 3,602 | 5,591 | 7,352 | 10,535 |
| Payment for redemption of units | | (19,618) | (19,220) | (22,642) | (20,978) | (51,227) | (41,189) |
| Distributions paid | | (1,442) | (1,507) | (1,273) | (1,051) | (1,447) | (1,674) |
| Net cash used in financing activities | | (17,658) | (15,116) | (20,313) | (16,438) | (45,322) | (32,328) |
| Net movement in cash and cash equivalents | | (215) | 291 | (359) | 645 | 446 | 508 |
| Add opening cash and cash equivalents brought forward | | 997 | 706 | 1,245 | 600 | 1,215 | 707 |
| Closing cash and cash equivalents carried forward | | 782 | 997 | 886 | 1,245 | 1,661 | 1,215 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|---|------|--|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 8,161 | 5,524 | 105,094 | 94,897 | 1,010,551 | 1,362,930 |
| Payments for purchase of financial instruments held for trading | | (1,669) | (2,226) | (90,903) | (86,746) | (769,863) | (1,182,017) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 7 | 6 | 80 | 57 | 678 | 659 |
| Dividends received | | - | - | 3,956 | 3,380 | 57,313 | 46,036 |
| Other income received | | - | - | 22 | 87 | 674 | 1,479 |
| Responsible Entity fee paid | | (559) | (594) | (2,645) | (2,775) | (34,790) | (37,514) |
| Interest paid | | - | - | - | - | - | - |
| Other expenses (paid)/refund | | (1) | (1) | - | - | 1 | (2) |
| Payment for brokerage costs | | - | - | (204) | (171) | (1,847) | (2,431) |
| Net cash from operating activities | 7(a) | 5,939 | 2,709 | 15,400 | 8,729 | 262,717 | 189,140 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 3,098 | 4,316 | 5,974 | 11,867 | 32,291 | 53,007 |
| Payment for redemption of units | | (8,940) | (7,080) | (22,759) | (19,110) | (278,902) | (229,851) |
| Distributions paid | | (37) | (59) | (586) | (620) | (10,127) | (11,441) |
| Additional loan | | | | | | | |
| Net cash used in financing activities | | (5,879) | (2,823) | (17,371) | (7,863) | (256,738) | (188,285) |
| Net movement in cash and cash equivalents | | 60 | (114) | (1,971) | 866 | 5,979 | 855 |
| Add opening cash and cash equivalents brought forward | | 201 | 315 | 2,671 | 1,805 | 26,031 | 25,176 |
| Closing cash and cash equivalents carried forward | | 261 | 201 | 700 | 2,671 | 32,010 | 26,031 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|---|------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | Note | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 464,105 | 406,550 | 139,093 | 87,095 | 39,203 | 33,055 |
| Payments for purchase of financial instruments held for trading | | (415,548) | (425,545) | (96,973) | (82,970) | (8,560) | (22,880) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 626 | 864 | 248 | 323 | 36 | 36 |
| Dividends received | | 24,766 | 19,143 | 9,469 | 9,293 | - | - |
| Other income received | | 11 | 403 | 66 | 279 | - | - |
| Responsible Entity fee paid | | (14,135) | (13,833) | (6,651) | (6,051) | (2,917) | (3,281) |
| Other expenses refund/(paid) | | 1 | - | - | - | (1) | (1) |
| Payment for brokerage costs | | (800) | (742) | (218) | (135) | - | - |
| Net cash from/(used in) operating activities | 7(a) | 59,026 | (13,160) | 45,034 | 7,834 | 27,761 | 6,929 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 37,439 | 37,896 | 6,835 | 5,777 | 25,109 | 59,658 |
| Payment for redemption of units | | (93,182) | (77,298) | (40,928) | (33,404) | (51,687) | (62,906) |
| Distributions paid | | (1,852) | (604) | (4,967) | (569) | (3,127) | (2,944) |
| Net cash used in financing activities | | (57,595) | (40,006) | (39,060) | (28,196) | (29,705) | (6,192) |
| Net movement in cash and cash equivalents | | 1,431 | (53,166) | 5,974 | (20,362) | (1,944) | 737 |
| Add opening cash and cash equivalents brought forward | | 10,693 | 63,859 | 2,624 | 22,986 | 4,226 | 3,489 |
| Closing cash and cash equivalents carried forward | | 12,124 | 10,693 | 8,598 | 2,624 | 2,282 | 4,226 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|---|------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | Note | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 7,258 | 5,834 | 26,362 | 17,398 | 4,078 | 3,126 |
| Payments for purchase of financial instruments held for trading | | (1,710) | (1,812) | (2,480) | (2,400) | (1,494) | (1,529) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 5 | 5 | 20 | 10 | 4 | 3 |
| Responsible Entity fee paid | | (401) | (458) | (1,934) | (1,836) | (288) | (303) |
| Other expenses paid | | - | - | (1) | - | - | (1) |
| Net cash from operating activities | 7(a) | 5,152 | 3,569 | 21,967 | 13,172 | 2,300 | 1,296 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 2,342 | 2,852 | 10,783 | 11,240 | 1,903 | 2,387 |
| Payment for redemption of units | | (7,526) | (6,595) | (31,137) | (24,543) | (4,207) | (3,709) |
| Distributions paid | | - | - | (22) | (2,635) | - | - |
| Additional loan | | | | | | | |
| Net cash used in financing activities | | (5,184) | (3,743) | (20,376) | (15,938) | (2,304) | (1,322) |
| Net movement in cash and cash equivalents | | (32) | (174) | 1,591 | (2,766) | (4) | (26) |
| Add opening cash and cash equivalents brought forward | | 167 | 341 | 520 | 3,286 | 115 | 141 |
| Closing cash and cash equivalents carried forward | | 135 | 167 | 2,111 | 520 | 111 | 115 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | |
|---|------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Note | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 13,489 | 9,589 | 11,527 | 23,705 | 769,689 | 969,953 |
| Payments for purchase of financial instruments held for trading | | (300) | (1,167) | (6,690) | (10,219) | (731,721) | (941,681) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 7 | 6 | 4 | 11 | 6,118 | 5,427 |
| Other income received | | 2 | - | - | - | - | - |
| Responsible Entity fee paid | | (483) | (546) | (198) | (246) | (724) | (922) |
| Interest paid | | - | - | - | - | - | - |
| Other expenses paid | | (1) | (1) | (1) | - | (7) | (9) |
| Net cash from operating activities | 7(a) | 12,714 | 7,881 | 4,642 | 13,251 | 43,355 | 32,768 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 1,480 | 3,587 | 14,312 | 22,431 | 111,498 | 182,744 |
| Payment for redemption of units | | (12,717) | (10,536) | (19,056) | (35,542) | (156,113) | (209,862) |
| Distributions paid | | (1,604) | (1,167) | (196) | (232) | (1,623) | (1,593) |
| Net cash used in financing activities | | (12,841) | (8,116) | (4,940) | (13,343) | (46,238) | (28,711) |
| Net movement in cash and cash equivalents | | (127) | (235) | (298) | (92) | (2,883) | 4,057 |
| Add opening cash and cash equivalents brought forward | | 407 | 642 | 362 | 454 | 11,209 | 7,152 |
| Closing cash and cash equivalents carried forward | | 280 | 407 | 64 | 362 | 8,326 | 11,209 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| | Note | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|---|------|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | | | | |
| Proceeds from sale of financial instruments held for trading | | 6,607 | 6,466 | 2,903 | 3,659 | 2,490 | 2,561 |
| Payments for purchase of financial instruments held for trading | | (140) | (561) | (207) | (223) | (201) | (392) |
| Net repayment or (payment) of mortgage assets | | | | | | | |
| Interest received | | 4 | 3 | 2 | 2 | 2 | 2 |
| Responsible Entity fee paid | | (322) | (365) | (179) | (206) | (170) | (192) |
| Other expenses (paid)/refund | | (1) | - | 1 | (1) | - | 1 |
| Net cash from operating activities | 7(a) | 6,148 | 5,543 | 2,520 | 3,231 | 2,121 | 1,980 |
| Cash flows from financing activities | | | | | | | |
| Receipts from issue of units | | 369 | 1,052 | 347 | 478 | 397 | 639 |
| Payment for redemption of units | | (6,364) | (6,164) | (2,863) | (3,541) | (2,452) | (2,552) |
| Distributions paid | | (263) | (325) | (109) | (97) | (43) | (64) |
| Net cash used in financing activities | | (6,258) | (5,437) | (2,625) | (3,160) | (2,098) | (1,977) |
| Net movement in cash and cash equivalents | | (110) | 106 | (105) | 71 | 23 | 3 |
| Add opening cash and cash equivalents brought forward | | 340 | 234 | 201 | 130 | 53 | 50 |
| Closing cash and cash equivalents carried forward | | 230 | 340 | 96 | 201 | 76 | 53 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

CASH FLOW STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

| Note | Colonial First State Imputation Fund - Nil Entry Fee Option | Colonial First State Geared Share Fund - Nil Entry Fee Option | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|---|---|---|---|---------------------|
| | 01/07/2010 - 01/07/2009 - 30/06/2011 30/06/2010 \$'000 \$'000 | 01/07/2010 - 01/07/2009 - 30/06/2011 30/06/2010 \$ \$ | 01/07/2010 - 01/07/2009 - 30/06/2011 30/06/2010 \$ \$ | |
| Cash flows from operating activities | | | | |
| Proceeds from sale of financial instruments held for trading | 4,405 | 5,617 | 5,329,000 12,494,301 | 625,245 914,601 |
| Payments for purchase of financial instruments held for trading | (360) | (532) | (5,096,600) (10,066,001) | (31,000) (173,002) |
| Net repayment or (payment) of mortgage assets | | | | |
| Interest received | 3 | 3 | 1,486 1,977 | 481 448 |
| Other income received | - | - | - 231 | - - |
| Responsible Entity fee paid | (338) | (374) | (142,630) (171,479) | (40,853) (44,206) |
| Other expenses paid | - | (1) | (73) (104) | (543) (86) |
| Net cash from operating activities | 7(a) | 3,710 4,713 | 91,183 2,258,925 | 553,330 697,755 |
| Cash flows from financing activities | | | | |
| Receipts from issue of units | 849 | 1,029 | 5,201,266 9,660,219 | 62,753 215,860 |
| Payment for redemption of units | (4,468) | (5,622) | (5,447,446) (11,864,646) | (583,747) (860,750) |
| Distributions paid | (112) | (127) | (25,734) (42,958) | (52,897) (51,069) |
| Net cash used in financing activities | (3,731) | (4,720) | (271,914) (2,247,385) | (573,891) (695,959) |
| Net movement in cash and cash equivalents | (21) | (7) | (180,731) 11,540 | (20,561) 1,796 |
| Add opening cash and cash equivalents brought forward | 129 | 136 | 92,700 81,160 | 41,843 40,047 |
| Closing cash and cash equivalents carried forward | 108 | 129 | (88,031) 92,700 | 21,282 41,843 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Funds' Constitutions and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, loans and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2011.

The current reporting period for the financial report is from 1 July 2010 to 30 June 2011. The comparative reporting period is from 1 July 2009 to 30 June 2010.

Both the functional and presentation currency of the Funds are Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Investments in Financial Assets and Liabilities Held for Trading

Classification

The Funds' investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the income statement.

Recognition/Derecognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For financial assets held for trading that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market bid prices at the close of business on the balance date.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Investments in Financial Assets and Liabilities Held for Trading (continued)

Measurement (continued)

Share price index (SPI) futures contracts are marked to market according to the bid price on the relevant futures exchange.

Convertible notes have been recognised as fixed interest securities in the Balance Sheet. Upon expiry of the note, if it is converted to shares, the fair value is recognised as listed equity.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Income Statement. Investments of the Funds which are considered to be held for trading are equity securities, fixed interest and money market securities, derivatives and investments in Managed Investment Schemes.

(d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Funds and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Distribution and Dividend income

Income is recognised when the right to receive the payment is established.

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Changes in fair value of financial assets held for trading

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(e) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call with futures clearing house and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(g) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Funds.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(h) Taxation

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute their taxable income.

(i) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(j) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the funds are required to distribute their taxable income. The units can be put back to the Funds at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Funds.

(k) Unit Prices

Unit prices are determined in accordance with the Fund's Constitution and are calculated as the net assets attributable to unitholders, divided by the number of units on issue. Financial assets and liabilities held for trading for unit pricing purposes are valued on a "last sale" price basis.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Terms and Conditions on Units

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(m) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Expense Recognition

Expenses are recognised in the Statements of Comprehensive Income when the Funds have a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statements of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheets.

(o) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds competes for funds and is regulated. The Australian dollar is also the Funds presentation currency.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments (excluding Forward Currency Contracts) that are measured at fair value through profit and loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit and loss.

(q) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The impact of these new standards and interpretations is set out below:

- AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded such as available-for-sale investments. The Funds will adopt AASB 9 from 1 January 2013. Management does not expect this will have a significant impact on the Funds' financial statements as the Funds do not hold any available-for-sale investments.

- Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009, the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Funds will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Funds' financial statements.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Funds intend to apply the amendment from 1 July 2011.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New Application of Accounting Standards (continued)

- Amendments to AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. Management does not expect that any adjustments will be necessary as a result of applying the revised rules.

(s) Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current year.

2. AUDITOR'S REMUNERATION

Auditors' remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

Other services provided by the auditors are the audit of the compliance plan of the Funds and tax compliance services. The auditors' non-audit remuneration is not paid by the Funds.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

3. INTEREST INCOME

The interest income of the Funds are summarised as follows:

| | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|------------------------------|---|--------------------------------------|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 13 | 10 | 16 | 13 | 32 | 28 |
| Total Interest Income | 13 | 10 | 16 | 13 | 32 | 28 |

| | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|------------------------------|--|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 7 | 7 | 75 | 58 | 697 | 629 |
| Total Interest Income | 7 | 7 | 75 | 58 | 697 | 629 |

| | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|------------------------------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 625 | 775 | 252 | 283 | 35 | 40 |
| Total Interest Income | 625 | 775 | 252 | 283 | 35 | 40 |

| | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|------------------------------|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 5 | 5 | 21 | 11 | 4 | 3 |
| Total Interest Income | 5 | 5 | 21 | 11 | 4 | 3 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

3. INTEREST INCOME (continued)

| | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | |
|------------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 7 | 6 | 4 | 11 | 414 | 333 |
| Money market securities | - | - | - | - | 4,919 | 5,246 |
| Fixed interest securities | - | - | - | - | 63 | 50 |
| Total Interest Income | 7 | 6 | 4 | 11 | 5,396 | 5,629 |

| | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|------------------------------|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 4 | 3 | 2 | 2 | 2 | 2 |
| Total Interest Income | 4 | 3 | 2 | 2 | 2 | 2 |

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|------------------------------|---|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
| Cash and cash equivalents | 3 | 3 | 1,893 | 1,545 | 440 | 501 |
| Total Interest Income | 3 | 3 | 1,893 | 1,545 | 440 | 501 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represents the component of the final distribution for the year which had not been paid at balance date.

Quarterly and half-yearly distributing Funds:

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the period were:

| Period ended: | Colonial First State Conservative Fund | | | | Colonial First State Balanced Fund | | | |
|-------------------------------------|--|--------------|-------------------------|--------------|------------------------------------|--------------|-------------------------|--------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 0.70 | 700 | 1.40 | 1,533 | 0.60 | 741 | 0.80 | 1,076 |
| - 31 December | 1.00 | 973 | 0.70 | 757 | 1.00 | 1,204 | 0.70 | 923 |
| - 31 March | 1.20 | 1,135 | 1.20 | 1,257 | 1.10 | 1,291 | 0.90 | 1,160 |
| - 30 June | 2.08 | 1,885 | 1.94 | 1,987 | 2.12 | 2,418 | 2.09 | 2,629 |
| Distributions to unitholders | | 4,693 | | 5,534 | | 5,654 | | 5,788 |

| Period ended: | Colonial First State Diversified Fund | | | | Colonial First State High Growth Fund | | | |
|-------------------------------------|---------------------------------------|--------------|-------------------------|--------------|---------------------------------------|------------|-------------------------|------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 1.40 | 3,027 | 1.40 | 3,303 | 0.30 | 175 | 0.20 | 125 |
| - 31 December | 0.75 | 1,581 | 1.40 | 3,273 | 0.40 | 229 | 0.50 | 310 |
| - 31 March | 0.70 | 1,434 | 0.60 | 1,378 | 0.10 | 56 | - | - |
| - 30 June | 1.86 | 3,672 | 0.62 | 1,382 | 0.64 | 350 | 0.11 | 66 |
| Distributions to unitholders | | 9,714 | | 9,336 | | 810 | | 501 |

| Period ended: | Colonial First State Australian Share Fund | | | | Colonial First State Imputation Fund | | | |
|-------------------------------------|--|--------------|-------------------------|--------------|--------------------------------------|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 1.00 | 804 | 1.20 | 1,019 | 2.90 | 18,572 | 2.90 | 20,096 |
| - 31 December | 2.20 | 1,719 | 0.90 | 761 | 3.00 | 18,811 | 2.50 | 17,155 |
| - 31 March | 0.50 | 384 | 1.00 | 835 | 1.00 | 6,142 | 0.80 | 5,404 |
| - 30 June | 0.21 | 157 | 0.39 | 322 | 0.22 | 1,304 | 0.75 | 4,939 |
| Distributions to unitholders | | 3,064 | | 2,937 | | 44,829 | | 47,594 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS (continued)

| | Colonial First State Future Leaders Fund | | | | Colonial First State Developing Companies Fund | | | |
|-------------------------------------|--|---------------|-------------------------|--------------|--|---------------|-------------------------|--------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 1.40 | 2,896 | - | - | 0.10 | 116 | - | - |
| - 31 December | 2.00 | 4,075 | 1.70 | 3,689 | 2.40 | 2,714 | 2.20 | 2,741 |
| - 31 March | 0.40 | 803 | 0.20 | 429 | 23.50 | 25,999 | 0.70 | 861 |
| - 30 June | 2.24 | 4,425 | 2.52 | 5,302 | 23.38 | 27,155 | 1.78 | 2,129 |
| Distributions to unitholders | | 12,199 | | 9,420 | | 55,984 | | 5,731 |

| | Colonial First State Geared Share Fund | | | | Colonial First State Global Share Fund | | | |
|-------------------------------------|--|--------------|-------------------------|---------------|--|----------|-------------------------|----------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | - | - | - | - | n/a | n/a | n/a | n/a |
| - 31 December | - | - | - | - | - | - | - | - |
| - 31 March | - | - | - | - | n/a | n/a | n/a | n/a |
| - 30 June | 5.12 | 9,679 | 12.67 | 24,200 | - | - | - | - |
| Distributions to unitholders | | 9,679 | | 24,200 | | - | | - |

| | Colonial First State Global Resources Fund | | | | Colonial First State Geared Global Share Fund | | | |
|-------------------------------------|--|--------------|-------------------------|-----------|---|----------|-------------------------|----------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 31 December | - | - | - | - | - | - | - | - |
| - 30 June | 6.60 | 6,736 | 0.07 | 80 | - | - | - | - |
| Distributions to unitholders | | 6,736 | | 80 | | - | | - |

| | Colonial First State Property Securities Fund | | | |
|-------------------------------------|---|--------------|-------------------------|--------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 1.10 | 1,538 | 0.80 | 1,214 |
| - 31 December | 1.00 | 1,365 | 0.40 | 604 |
| - 31 March | 0.10 | 133 | 0.35 | 517 |
| - 30 June | 0.05 | 63 | 1.20 | 1,717 |
| Distributions to unitholders | | 3,099 | | 4,052 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS (continued)

| | Colonial First State Premier CMT | | | | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|-------------------------------------|----------------------------------|--------------|-------------------------|--------------|---|--------------|-------------------------|--------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | Income Rate | \$'000 | Income Rate | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 4.29% | 1,329 | 2.59% | 1,052 | 0.40 | 140 | 1.00 | 400 |
| - 31 December | 4.36% | 1,203 | 3.01% | 1,114 | 0.80 | 271 | 0.60 | 237 |
| - 31 March | 4.36% | 1,098 | 3.45% | 1,164 | 0.90 | 297 | 0.90 | 338 |
| - 30 June | 4.39% | 1,067 | 3.88% | 1,327 | 1.57 | 483 | 1.37 | 497 |
| Distributions to unitholders | | 4,697 | | 4,657 | | 1,191 | | 1,472 |

| | Colonial First State Balanced Fund - Nil Entry Fee Option | | | | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|-------------------------------------|---|------------|-------------------------|------------|--|------------|-------------------------|------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 | cpu | \$'000 |
| - 30 September | 0.40 | 83 | 0.40 | 98 | 0.80 | 139 | 0.80 | 157 |
| - 31 December | 0.60 | 122 | 0.50 | 117 | 0.40 | 68 | 0.80 | 153 |
| - 31 March | 0.60 | 117 | 0.60 | 134 | 0.40 | 66 | 0.60 | 112 |
| - 30 June | 1.35 | 259 | 1.22 | 263 | 0.66 | 106 | 0.21 | 38 |
| Distributions to unitholders | | 581 | | 612 | | 379 | | 460 |

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|-------------------------------------|---|------------|-------------------------|--------------|---|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$'000 | cpu | \$'000 | cpu | \$ | cpu | \$ |
| - 30 September | 0.70 | 257 | 0.70 | 285 | - | - | - | - |
| - 31 December | 0.70 | 251 | 0.80 | 319 | - | - | - | - |
| - 31 March | 0.50 | 175 | 0.70 | 272 | - | - | - | - |
| - 30 June | 0.43 | 146 | 0.52 | 197 | 0.61 | 119,503 | 1.08 | 208,428 |
| Distributions to unitholders | | 829 | | 1,073 | | 119,503 | | 208,428 |

| | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|-------------------------------------|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| Period ended: | cpu | \$ | cpu | \$ |
| - 30 September | 0.70 | 84,508 | 0.50 | 68,541 |
| - 31 December | 0.50 | 59,519 | 0.20 | 26,589 |
| - 31 March | 0.10 | 11,615 | 0.35 | 45,506 |
| - 30 June | 0.10 | 11,189 | 0.53 | 65,064 |
| Distributions to unitholders | | 166,831 | | 205,700 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS (continued)

Monthly distributing Funds:

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the periods were:

| Period ended: | Colonial First State Cash Fund | | | |
|-------------------------------------|--------------------------------|--------------|-------------------------|--------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | cpu | \$'000 | cpu | \$'000 |
| - 31 July | 0.40 | 150 | 0.25 | 125 |
| - 31 August | 0.30 | 113 | 0.25 | 119 |
| - 30 September | 0.30 | 112 | 0.20 | 96 |
| - 31 October | 0.40 | 145 | 0.20 | 93 |
| - 30 November | 0.30 | 106 | 0.20 | 88 |
| - 31 December | 0.40 | 139 | 0.20 | 86 |
| - 31 January | 0.40 | 138 | 0.30 | 124 |
| - 28 February | 0.40 | 137 | 0.40 | 161 |
| - 31 March | 0.30 | 102 | 0.40 | 157 |
| - 30 April | 0.40 | 135 | 0.35 | 135 |
| - 31 May | 0.40 | 137 | 0.40 | 162 |
| - 30 June | 0.48 | 168 | 0.37 | 141 |
| Distributions to unitholders | | 1,582 | | 1,487 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities held for trading of the Funds are tabled below. These are further classified using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements of fair value of these assets and liabilities.

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of financial instruments traded in active markets (such as shares in listed companies and publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the last sale price. These instruments are included in Level 1. Investments in unlisted managed investment schemes which have daily liquidity are also classified as Level 1.

The fair value of financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs (such as over-the-counter derivatives) are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. The Colonial First State Futures Leaders Fund and Colonial First State Developing Companies Fund both hold investments classified as Level 3. These investments include shares in an unlisted company and shares in a public company which is currently in the process of being wound up.

The unlisted company is valued using a discounted cash flow model with various unobservable inputs and assumptions. The significant assumptions include the company's market share growth forecast and discount rate used in the valuation model. The fair value of the shares in the public company being wound up is the estimated distribution of the surplus cash assets of the company as advised by the appointed liquidator.

The various methods adopted in determining the fair value of the Funds' financial instruments are further explained in Note 1.

The tables below present the Funds' financial instruments recorded at fair value according to the fair value hierarchy.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Conservative Fund | | | |
|---|--|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 99,847 | 99,847 | - | - |
| Total Assets Held for Trading | 99,847 | 99,847 | - | - |

| Financial Assets Held for Trading: | Colonial First State Conservative Fund | | | |
|---|--|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 111,229 | 111,229 | - | - |
| Total Assets Held for Trading | 111,229 | 111,229 | - | - |

| Financial Assets Held for Trading: | Colonial First State Balanced Fund | | | |
|---|------------------------------------|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 139,167 | 139,167 | - | - |
| Total Assets Held for Trading | 139,167 | 139,167 | - | - |

| Financial Assets Held for Trading: | Colonial First State Balanced Fund | | | |
|---|------------------------------------|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 150,155 | 150,155 | - | - |
| Total Assets Held for Trading | 150,155 | 150,155 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Diversified Fund | | | |
|---|---------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 293,291 | 293,291 | - | - |
| Total Assets Held for Trading | 293,291 | 293,291 | - | - |

| Financial Assets Held for Trading: | Colonial First State Diversified Fund | | | |
|---|---------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 319,313 | 319,313 | - | - |
| Total Assets Held for Trading | 319,313 | 319,313 | - | - |

| Financial Assets Held for Trading: | Colonial First State High Growth Fund | | | |
|---|---------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 55,169 | 55,169 | - | - |
| Total Assets Held for Trading | 55,169 | 55,169 | - | - |

| Financial Assets Held for Trading: | Colonial First State High Growth Fund | | | |
|---|---------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 56,816 | 56,816 | - | - |
| Total Assets Held for Trading | 56,816 | 56,816 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Australian Share Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 122,838 | 122,838 | - | - |
| - International stock exchanges | 7,456 | 7,456 | - | - |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 7,058 | 7,058 | - | - |
| Australian Derivatives | | | | |
| - Futures | 18 | 18 | - | - |
| - Swaps | - | - | - | - |
| - Warrants | 1,159 | - | 1,159 | - |
| Total Assets Held for Trading | 138,529 | 137,370 | 1,159 | - |

| Financial Assets Held for Trading: | Colonial First State Australian Share Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 124,426 | 124,426 | - | - |
| - International stock exchanges | 5,768 | 5,768 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 3,803 | 3,803 | - | - |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 5,065 | 5,065 | - | - |
| Australian Derivatives | | | | |
| - Warrants | 3,416 | - | 3,416 | - |
| Total Assets Held for Trading | 142,478 | 139,062 | 3,416 | - |

| Financial Liabilities Held for Trading: | Colonial First State Australian Share Fund | | | |
|---|--|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Australian Derivatives | | | | |
| - Futures | 144 | 144 | - | - |
| Total Liabilities Held for Trading | 144 | 144 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Imputation Fund | | | |
|--------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 1,605,558 | 1,605,558 | - | - |
| - International stock exchanges | 57,963 | 57,963 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 34,818 | 34,818 | - | - |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 94,826 | 94,826 | - | - |
| Australian Derivatives | | | | |
| - Futures | 504 | 504 | - | - |
| - Warrants | 18,491 | - | 18,491 | - |
| Total Assets Held for Trading | 1,812,160 | 1,793,669 | 18,491 | - |

| Financial Assets Held for Trading: | Colonial First State Imputation Fund | | | |
|--------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 1,650,712 | 1,650,712 | - | - |
| - International stock exchanges | 65,989 | 65,989 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 58,978 | 58,978 | - | - |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 68,274 | - | 68,274 | - |
| Australian Derivatives | | | | |
| - Warrants | 50,733 | - | 50,733 | - |
| Total Assets Held for Trading | 1,894,686 | 1,775,679 | 119,007 | - |

| Financial Liabilities Held for Trading: | Colonial First State Imputation Fund | | | |
|---|--------------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Australian Derivatives | | | | |
| - Futures | 2,155 | 2,155 | - | - |
| - Options | 361 | - | 361 | - |
| Total Liabilities Held for Trading | 2,516 | 2,155 | 361 | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Future Leaders Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 583,215 | 583,156 | - | 59 |
| - International stock exchanges | 28,835 | 28,835 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 49,985 | 49,985 | - | - |
| Unlisted Equities | | | | |
| - Australian unlisted securities | 1,302 | - | - | 1,302 |
| Australian Derivatives | | | | |
| - Futures | 63 | 63 | - | - |
| Total Assets Held for Trading | 663,400 | 662,039 | - | 1,361 |

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2011:

| | Equities \$'000 | Total \$'000 |
|---|-----------------|--------------|
| Opening balance as at 1 July | 1,361 | 1,361 |
| Gains and losses recognised in profit or loss | - | - |
| Purchases | - | - |
| Sales | - | - |
| Closing balance as at 30 June | 1,361 | 1,361 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Future Leaders Fund | | | |
|--------------------------------------|--|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 550,381 | 549,171 | 1,151 | 59 |
| - International stock exchanges | 37,936 | 37,936 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 42,183 | 42,183 | - | - |
| Unlisted Equities | | | | |
| - Australian unlisted securities | 1,302 | - | - | 1,302 |
| Total Assets Held for Trading | 631,802 | 629,290 | 1,151 | 1,361 |

| Financial Liabilities Held for Trading: | Colonial First State Future Leaders Fund | | | |
|---|--|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Australian Derivatives | | | | |
| - Futures | 325 | 325 | - | - |
| Total Liabilities Held for Trading | 325 | 325 | - | - |

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2010:

| | Equities \$'000 | Total \$'000 |
|---|--------------------|-----------------|
| Opening balance as at 1 July | 1,067 | 1,067 |
| Gains and losses recognised in profit or loss | 1,354 | 1,354 |
| Purchases | - | - |
| Sales | (1,060) | (1,060) |
| Closing balance as at 30 June | 1,361 | 1,361 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Developing Companies Fund | | | |
|--------------------------------------|--|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 268,038 | 257,546 | 10,492 | - |
| - International stock exchanges | 5,074 | 5,074 | - | - |
| Unlisted Equities | | | | |
| - Australian unlisted securities | 326 | - | - | 326 |
| Australian Derivatives | | | | |
| - Futures | 26 | 26 | - | - |
| Total Assets Held for Trading | 273,464 | 262,646 | 10,492 | 326 |

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2011:

| | Equities \$'000 | Total \$'000 |
|---|--------------------|-----------------|
| Opening balance as at 1 July | 326 | 326 |
| Gains and losses recognised in profit or loss | - | - |
| Purchases | - | - |
| Sales | - | - |
| Closing balance as at 30 June | 326 | 326 |

| Financial Assets Held for Trading: | Colonial First State Developing Companies Fund | | | |
|--------------------------------------|--|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - Australian stock exchange | 230,508 | 230,508 | - | - |
| - International stock exchanges | 6,917 | 6,917 | - | - |
| Listed Property Trust | | | | |
| - Australian stock exchange | 6,649 | 6,649 | - | - |
| Unlisted Equities | | | | |
| - Australian unlisted securities | 326 | - | - | 326 |
| Total Assets Held for Trading | 244,400 | 244,074 | - | 326 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2010:

| | Equities \$'000 | Total \$'000 |
|--|--------------------|-----------------|
| Opening balance as at 1 July | 156 | 156 |
| Gains and losses recognised in profit or loss | 170 | 170 |
| Purchases | - | - |
| Sales | - | - |
| Closing balance as at 30 June | 326 | 326 |

| Financial Assets Held for Trading: | Colonial First State Geared Share Fund | | | |
|---|---|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 270,077 | 270,077 | - | - |
| Total Assets Held for Trading | 270,077 | 270,077 | - | - |

| Financial Assets Held for Trading: | Colonial First State Geared Share Fund | | | |
|---|---|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 285,057 | 285,057 | - | - |
| Total Assets Held for Trading | 285,057 | 285,057 | - | - |

| Financial Assets Held for Trading: | Colonial First State Global Share Fund | | | |
|---|--|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 42,338 | 42,338 | - | - |
| Total Assets Held for Trading | 42,338 | 42,338 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Global Share Fund | | | |
|---|--|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 46,592 | 46,592 | - | - |
| Total Assets Held for Trading | 46,592 | 46,592 | - | - |

| Financial Assets Held for Trading: | Colonial First State Global Resources Fund | | | |
|---|--|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 162,644 | 162,644 | - | - |
| Total Assets Held for Trading | 162,644 | 162,644 | - | - |

| Financial Assets Held for Trading: | Colonial First State Global Resources Fund | | | |
|---|--|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 160,174 | 160,174 | - | - |
| Total Assets Held for Trading | 160,174 | 160,174 | - | - |

| Financial Assets Held for Trading: | Colonial First State Geared Global Share Fund | | | |
|---|---|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 30,978 | 30,978 | - | - |
| Total Assets Held for Trading | 30,978 | 30,978 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Geared Global Share Fund | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 29,263 | 29,263 | - | - |
| Total Assets Held for Trading | 29,263 | 29,263 | - | - |

| Financial Assets Held for Trading: | Colonial First State Property Securities Fund | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 63,053 | 63,053 | - | - |
| Total Assets Held for Trading | 63,053 | 63,053 | - | - |

| Financial Assets Held for Trading: | Colonial First State Property Securities Fund | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 72,481 | 72,481 | - | - |
| Total Assets Held for Trading | 72,481 | 72,481 | - | - |

| Financial Assets Held for Trading: | Colonial First State Cash Fund | | | |
|--|--------------------------------|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 35,296 | 35,296 | - | - |
| Total Assets Held for Trading | 35,296 | 35,296 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Cash Fund | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 38,299 | 38,299 | - | - |
| Total Assets Held for Trading | 38,299 | 38,299 | - | - |

| Financial Assets Held for Trading: | Colonial First State Premier CMT | | | |
|---|----------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Money Market Securities - Australian Money Market | 87,674 | - | 87,674 | - |
| Total Assets Held for Trading | 87,674 | - | 87,674 | - |

| Financial Assets Held for Trading: | Colonial First State Premier CMT | | | |
|---|----------------------------------|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Money Market Securities - Australian Money Market | 126,333 | - | 126,333 | - |
| Total Assets Held for Trading | 126,333 | - | 126,333 | - |

| Financial Assets Held for Trading: | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|---|---|-------------------|-------------------|-------------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 27,473 | 27,473 | - | - |
| Total Assets Held for Trading | 27,473 | 27,473 | - | - |

| Financial Assets Held for Trading: | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|---|---|-------------------|-------------------|-------------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 32,019 | 32,019 | - | - |
| Total Assets Held for Trading | 32,019 | 32,019 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Balanced Fund - Nil Entry Fee Option | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 15,996 | 15,996 | - | - |
| Total Assets Held for Trading | 15,996 | 15,996 | - | - |

| Financial Assets Held for Trading: | Colonial First State Balanced Fund - Nil Entry Fee Option | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 17,546 | 17,546 | - | - |
| Total Assets Held for Trading | 17,546 | 17,546 | - | - |

| Financial Assets Held for Trading: | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|--|--|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 13,199 | 13,199 | - | - |
| Total Assets Held for Trading | 13,199 | 13,199 | - | - |

| Financial Assets Held for Trading: | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|--|--|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 14,485 | 14,485 | - | - |
| Total Assets Held for Trading | 14,485 | 14,485 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Imputation Fund - Nil Entry Fee Option | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 26,244 | 26,244 | - | - |
| Total Assets Held for Trading | 26,244 | 26,244 | - | - |

| Financial Assets Held for Trading: | Colonial First State Imputation Fund - Nil Entry Fee Option | | | |
|--|---|----------------|----------------|----------------|
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 27,467 | 27,467 | - | - |
| Total Assets Held for Trading | 27,467 | 27,467 | - | - |

| Financial Assets Held for Trading: | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|--|---|------------------|------------|------------|
| | 30/06/2011 | | | |
| | Total \$ | Level 1 \$ | Level 2 \$ | Level 3 \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 9,789,556 | 9,789,556 | - | - |
| Total Assets Held for Trading | 9,789,556 | 9,789,556 | - | - |

| Financial Assets Held for Trading: | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|--|---|------------------|------------|------------|
| | 30/06/2010 | | | |
| | Total \$ | Level 1 \$ | Level 2 \$ | Level 3 \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 9,495,409 | 9,495,409 | - | - |
| Total Assets Held for Trading | 9,495,409 | 9,495,409 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

| Financial Assets Held for Trading: | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|---|--|------------------|----------|----------|
| | 30/06/2011 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ | \$ |
| Managed Investment Schemes - Related Managed Investment Schemes | 3,449,715 | 3,449,715 | - | - |
| Total Assets Held for Trading | 3,449,715 | 3,449,715 | - | - |

| Financial Assets Held for Trading: | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|---|--|------------------|------------------|----------|
| | 30/06/2010 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ | \$ |
| Managed Investment Schemes - Related Managed Investment Schemes | 3,840,356 | 3,840,356 | 3,840,356 | - |
| Total Assets Held for Trading | 3,840,356 | 3,840,356 | 3,840,356 | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

(a) Movements in number of units and net assets attributable to unitholders during the period were as follows:

| | Colonial First State Conservative Fund | | | |
|--|--|---------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 103,703 | 111,720 | 112,389 | 117,135 |
| Applications | 2,872 | 3,175 | 5,260 | 5,840 |
| Redemptions | (17,714) | (19,595) | (17,462) | (19,301) |
| Units issued upon reinvestment of distributions | 2,989 | 3,288 | 3,516 | 3,860 |
| Change in net assets attributable to unitholders from operations | | 1,371 | | 4,186 |
| Closing Balance | 91,850 | 99,959 | 103,703 | 111,720 |

| | Colonial First State Balanced Fund | | | |
|--|------------------------------------|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 127,561 | 150,707 | 136,447 | 153,435 |
| Applications | 2,941 | 3,610 | 4,570 | 5,593 |
| Redemptions | (18,498) | (22,636) | (17,172) | (21,015) |
| Units issued upon reinvestment of distributions | 3,653 | 4,450 | 3,716 | 4,497 |
| Change in net assets attributable to unitholders from operations | | 3,316 | | 8,197 |
| Closing Balance | 115,657 | 139,447 | 127,561 | 150,707 |

| | Colonial First State Diversified Fund | | | |
|--|---------------------------------------|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 223,611 | 320,042 | 239,241 | 318,109 |
| Applications | 4,905 | 7,351 | 7,062 | 10,529 |
| Redemptions | (34,389) | (51,356) | (27,727) | (41,156) |
| Units issued upon reinvestment of distributions | 5,279 | 7,840 | 5,035 | 7,490 |
| Change in net assets attributable to unitholders from operations | | 10,044 | | 25,070 |
| Closing Balance | 199,406 | 293,921 | 223,611 | 320,042 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State High Growth Fund | | | |
|--|---------------------------------------|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 60,010 | 56,978 | 62,315 | 54,131 |
| Applications | 3,014 | 3,100 | 4,274 | 4,325 |
| Redemptions | (8,806) | (8,989) | (7,041) | (7,083) |
| Units issued upon reinvestment of distributions | 740 | 754 | 462 | 465 |
| Change in net assets attributable to unitholders from operations | | 3,483 | | 5,140 |
| Closing Balance | 54,958 | 55,326 | 60,010 | 56,978 |

| | Colonial First State Australian Share Fund | | | |
|--|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 82,485 | 145,053 | 85,015 | 133,954 |
| Applications | 3,123 | 5,972 | 6,420 | 11,875 |
| Redemptions | (12,026) | (22,918) | (10,205) | (18,983) |
| Units issued upon reinvestment of distributions | 1,301 | 2,507 | 1,255 | 2,389 |
| Change in net assets attributable to unitholders from operations | | 9,986 | | 15,818 |
| Closing Balance | 74,883 | 140,600 | 82,485 | 145,053 |

| | Colonial First State Imputation Fund | | | |
|--|--------------------------------------|------------------|-------------------------|------------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 659,781 | 1,926,197 | 704,874 | 1,851,955 |
| Applications | 10,193 | 32,214 | 17,115 | 53,052 |
| Redemptions | (88,340) | (278,924) | (74,176) | (229,820) |
| Units issued upon reinvestment of distributions | 11,176 | 35,449 | 11,968 | 37,483 |
| Change in net assets attributable to unitholders from operations | | 137,458 | | 213,527 |
| Closing Balance | 592,810 | 1,852,394 | 659,781 | 1,926,197 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State Future Leaders Fund | | | |
|--|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 211,883 | 641,662 | 221,823 | 561,011 |
| Applications | 10,819 | 37,581 | 11,885 | 37,660 |
| Redemptions | (27,085) | (92,909) | (24,405) | (77,343) |
| Units issued upon reinvestment of distributions | 3,045 | 10,498 | 2,580 | 8,059 |
| Change in net assets attributable to unitholders from operations | | 79,298 | | 112,275 |
| Closing Balance | 198,662 | 676,130 | 211,883 | 641,662 |

| | Colonial First State Developing Companies Fund | | | |
|--|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 120,502 | 246,445 | 131,126 | 210,728 |
| Applications | 2,605 | 6,833 | 2,732 | 5,779 |
| Redemptions | (16,135) | (40,978) | (15,604) | (33,359) |
| Units issued upon reinvestment of distributions | 19,630 | 47,245 | 2,248 | 4,832 |
| Change in net assets attributable to unitholders from operations | | 17,668 | | 58,465 |
| Closing Balance | 126,602 | 277,213 | 120,502 | 246,445 |

| | Colonial First State Geared Share Fund | | | |
|--|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 206,113 | 285,908 | 192,547 | 254,670 |
| Applications | 16,049 | 24,936 | 33,308 | 59,508 |
| Redemptions | (33,126) | (51,489) | (34,855) | (63,057) |
| Units issued upon reinvestment of distributions | 6,045 | 8,434 | 15,113 | 21,066 |
| Change in net assets attributable to unitholders from operations | | 3,156 | | 13,721 |
| Closing Balance | 195,081 | 270,945 | 206,113 | 285,908 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State Global Share Fund | | | |
|--|--|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 53,613 | 46,702 | 57,676 | 50,041 |
| Applications | 2,608 | 2,351 | 3,051 | 2,852 |
| Redemptions | (8,400) | (7,519) | (7,114) | (6,571) |
| Units issued upon reinvestment of distributions | - | - | - | - |
| Change in net assets attributable to unitholders from operations | | 899 | | 380 |
| Closing Balance | 47,821 | 42,433 | 53,613 | 46,702 |

| | Colonial First State Global Resources Fund | | | |
|--|--|----------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 114,826 | 160,547 | 124,238 | 150,149 |
| Applications | 6,484 | 10,878 | 7,898 | 11,202 |
| Redemptions | (19,249) | (31,132) | (17,351) | (24,355) |
| Units issued upon reinvestment of distributions | 3,163 | 4,911 | 41 | 58 |
| Change in net assets attributable to unitholders from operations | | 17,696 | | 23,493 |
| Closing Balance | 105,224 | 162,900 | 114,826 | 160,547 |

| | Colonial First State Geared Global Share Fund | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 74,678 | 29,327 | 77,792 | 29,811 |
| Applications | 4,305 | 1,903 | 5,412 | 2,388 |
| Redemptions | (9,467) | (4,181) | (8,526) | (3,724) |
| Units issued upon reinvestment of distributions | - | - | - | - |
| Change in net assets attributable to unitholders from operations | | 4,014 | | 852 |
| Closing Balance | 69,516 | 31,063 | 74,678 | 29,327 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State Property Securities Fund | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 145,302 | 72,338 | 153,690 | 68,969 |
| Applications | 2,910 | 1,479 | 6,808 | 3,566 |
| Redemptions | (25,286) | (12,784) | (20,320) | (10,517) |
| Units issued upon reinvestment of distributions | 4,124 | 2,062 | 5,124 | 2,647 |
| Change in net assets attributable to unitholders from operations | | 192 | | 7,673 |
| Closing Balance | 127,050 | 63,287 | 145,302 | 72,338 |

| | Colonial First State Cash Fund | | | |
|--|--------------------------------|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 38,109 | 38,413 | 50,243 | 50,580 |
| Applications | 14,284 | 14,439 | 22,014 | 22,225 |
| Redemptions | (18,657) | (18,853) | (35,393) | (35,739) |
| Units issued upon reinvestment of distributions | 1,372 | 1,384 | 1,245 | 1,255 |
| Change in net assets attributable to unitholders from operations | | 56 | | 92 |
| Closing Balance | 35,108 | 35,439 | 38,109 | 38,413 |

| | Colonial First State Premier CMT | | | |
|--|----------------------------------|---------------|-------------------------|----------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 137,439 | 137,424 | 161,021 | 161,000 |
| Applications | 111,142 | 111,143 | 183,095 | 183,095 |
| Redemptions | (156,254) | (156,255) | (209,704) | (209,705) |
| Units issued upon reinvestment of distributions | 3,229 | 3,229 | 3,027 | 3,027 |
| Change in net assets attributable to unitholders from operations | | (16) | | 7 |
| Closing Balance | 95,556 | 95,525 | 137,439 | 137,424 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 36,778 | 32,124 | 41,323 | 34,914 |
| Applications | 410 | 369 | 1,170 | 1,053 |
| Redemptions | (7,046) | (6,320) | (6,984) | (6,264) |
| Units issued upon reinvestment of distributions | 1,057 | 943 | 1,269 | 1,130 |
| Change in net assets attributable to unitholders from operations | | 415 | | 1,291 |
| Closing Balance | 31,199 | 27,531 | 36,778 | 32,124 |

| | Colonial First State Balanced Fund - Nil Entry Fee Option | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 21,815 | 17,614 | 24,966 | 19,186 |
| Applications | 413 | 348 | 570 | 478 |
| Redemptions | (3,348) | (2,798) | (4,320) | (3,612) |
| Units issued upon reinvestment of distributions | 573 | 476 | 599 | 496 |
| Change in net assets attributable to unitholders from operations | | 391 | | 1,066 |
| Closing Balance | 19,453 | 16,031 | 21,815 | 17,614 |

| | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|--|--|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 18,208 | 14,530 | 20,038 | 14,946 |
| Applications | 466 | 388 | 776 | 650 |
| Redemptions | (2,975) | (2,470) | (3,078) | (2,556) |
| Units issued upon reinvestment of distributions | 396 | 327 | 472 | 395 |
| Change in net assets attributable to unitholders from operations | | 455 | | 1,095 |
| Closing Balance | 16,095 | 13,230 | 18,208 | 14,530 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

- (a) Movements in number of units and net assets attributable to unitholders during the period were as follows:
(continued)

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 38,035 | 27,547 | 42,842 | 28,451 |
| Applications | 1,076 | 849 | 1,318 | 1,030 |
| Redemptions | (5,753) | (4,498) | (7,309) | (5,624) |
| Units issued upon reinvestment of distributions | 926 | 725 | 1,184 | 931 |
| Change in net assets attributable to unitholders from operations | | 1,658 | | 2,759 |
| Closing Balance | 34,284 | 26,281 | 38,035 | 27,547 |

| | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|--|---|------------------|-------------------------|------------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No. | \$ | No. | \$ |
| Opening balance | 19,673,312 | 9,553,482 | 23,211,964 | 10,121,891 |
| Applications | 9,818,474 | 5,350,853 | 16,408,163 | 9,661,132 |
| Redemptions | (9,901,180) | (5,456,446) | (20,321,187) | (11,864,646) |
| Units issued upon reinvestment of distributions | 213,423 | 106,327 | 374,372 | 182,694 |
| Change in net assets attributable to unitholders from operations | | 268,156 | | 1,452,411 |
| Closing Balance | 19,804,029 | 9,822,372 | 19,673,312 | 9,553,482 |

| | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|--|--|------------------|-------------------------|------------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No. | \$ | No. | \$ |
| Opening balance | 12,435,640 | 3,846,479 | 14,061,632 | 3,919,889 |
| Applications | 196,730 | 62,118 | 677,226 | 216,495 |
| Redemptions | (1,823,549) | (574,411) | (2,790,850) | (878,994) |
| Units issued upon reinvestment of distributions | 407,752 | 126,917 | 487,632 | 157,469 |
| Change in net assets attributable to unitholders from operations | | (3,949) | | 431,620 |
| Closing Balance | 11,216,573 | 3,457,154 | 12,435,640 | 3,846,479 |

b) Capital Risk Management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. Liquid assets include cash and cash equivalents and financial assets classified as level 1 in the fair value hierarchy notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Conservative Fund | | Colonial First State Balanced Fund | | Colonial First State Diversified Fund | |
|---|---|--------------------------------------|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 6,064 | 9,720 | 8,970 | 13,985 | 19,758 | 34,406 |
| Proceeds from sale of financial instruments held for trading | 18,813 | 18,137 | 21,915 | 19,432 | 50,966 | 39,404 |
| Payments for purchase of financial instruments held for trading | (680) | (1,963) | (1,010) | (1,311) | (2,700) | (3,817) |
| Changes in fair value of financial instruments held for trading | (1,424) | (4,185) | (3,381) | (8,198) | (10,182) | (25,069) |
| Distribution income reinvested | (5,326) | (6,298) | (6,537) | (6,822) | (12,064) | (12,081) |
| Changes in assets and liabilities: | | | | | | |
| Interest receivable | - | (1) | - | (1) | - | (3) |
| Other receivables | 2 | (1) | 3 | (3) | 8 | (11) |
| Responsible Entity fees | (7) | (1) | (7) | 1 | (18) | 8 |
| Other payables | 1 | (1) | 1 | - | - | (1) |
| Net Cash From Operating Activities | 17,443 | 15,407 | 19,954 | 17,083 | 45,768 | 32,836 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State High Growth Fund | | Colonial First State Australian Share Fund | | Colonial First State Imputation Fund | |
|---|--|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 4,293 | 5,641 | 13,050 | 18,755 | 182,287 | 261,121 |
| Proceeds from sale of financial instruments held for trading | 8,161 | 5,524 | 105,094 | 94,897 | 1,010,551 | 1,362,930 |
| Payments for purchase of financial instruments held for trading | (1,669) | (2,226) | (90,903) | (86,746) | (769,863) | (1,182,017) |
| Changes in fair value of financial instruments held for trading | (3,498) | (5,134) | (9,734) | (15,961) | (133,084) | (222,950) |
| Distribution income reinvested | (1,346) | (1,094) | (2,041) | (2,282) | (26,722) | (31,403) |
| Changes in assets and liabilities: | | | | | | |
| Dividends receivable | - | - | (68) | 66 | (423) | 1,490 |
| Interest receivable | - | - | 5 | (1) | (19) | 31 |
| Other receivables | 1 | (3) | 5 | (21) | 116 | (227) |
| Responsible Entity fees | (1) | 3 | (8) | 22 | (127) | 166 |
| Other payables | (2) | (2) | - | - | 1 | (1) |
| Net Cash From Operating Activities | 5,939 | 2,709 | 15,400 | 8,729 | 262,717 | 189,140 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Future Leaders Fund | | Colonial First State Developing Companies Fund | | Colonial First State Geared Share Fund | |
|---|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 91,497 | 121,695 | 73,652 | 64,196 | 12,835 | 37,921 |
| Proceeds from sale of financial instruments held for trading | 464,105 | 406,550 | 139,093 | 87,095 | 39,203 | 33,055 |
| Payments for purchase of financial instruments held for trading | (415,548) | (425,545) | (96,973) | (82,970) | (8,560) | (22,880) |
| Changes in fair value of financial instruments held for trading | (80,378) | (111,951) | (70,015) | (59,085) | (12,507) | (35,319) |
| Distribution income reinvested | (1,211) | (3,580) | (710) | (1,427) | (3,156) | (5,896) |
| Net foreign exchange gain/(loss) | 27 | 364 | (6) | (47) | - | - |
| Changes in assets and liabilities: | | | | | | |
| Dividends receivable | 474 | (850) | (58) | (37) | - | - |
| Interest receivable | 1 | 89 | (4) | 40 | 1 | (4) |
| Other receivables | (4) | (96) | (17) | 306 | 20 | (38) |
| Responsible Entity fees | 63 | 165 | 72 | (237) | (75) | 90 |
| Other payables | - | (1) | - | - | - | - |
| Net Cash From/(Used In) Operating Activities | 59,026 | (13,160) | 45,034 | 7,834 | 27,761 | 6,929 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Global Share Fund | | Colonial First State Global Resources Fund | | Colonial First State Geared Global Share Fund | |
|---|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 899 | 380 | 24,432 | 23,573 | 4,014 | 852 |
| Proceeds from sale of financial instruments held for trading | 7,258 | 5,834 | 26,362 | 17,398 | 4,078 | 3,126 |
| Payments for purchase of financial instruments held for trading | (1,710) | (1,812) | (2,480) | (2,400) | (1,494) | (1,529) |
| Changes in fair value of financial instruments held for trading | (860) | (527) | (26,237) | (25,406) | (4,300) | (1,151) |
| Distribution income reinvested | (433) | (304) | (115) | - | - | - |
| Changes in assets and liabilities: | | | | | | |
| Interest receivable | - | - | (1) | (1) | - | - |
| Other receivables | 1 | (1) | - | 118 | - | (1) |
| Responsible Entity fees | (4) | (1) | 7 | (111) | 1 | - |
| Other payables | 1 | - | (1) | 1 | 1 | (1) |
| Net Cash From Operating Activities | 5,152 | 3,569 | 21,967 | 13,172 | 2,300 | 1,296 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Property Securities Fund | | Colonial First State Cash Fund | | Colonial First State Premier CMT | |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 3,291 | 11,725 | 1,638 | 1,579 | 4,681 | 4,664 |
| Proceeds from sale of financial instruments held for trading | 13,489 | 9,589 | 11,527 | 23,705 | 769,689 | 969,953 |
| Payments for purchase of financial instruments held for trading | (300) | (1,167) | (6,690) | (10,219) | (731,721) | (941,681) |
| Changes in fair value of financial instruments held for trading | (226) | (7,678) | (74) | (89) | - | - |
| Distribution income reinvested | (3,535) | (4,588) | (1,759) | (1,719) | - | - |
| Changes in assets and liabilities: | | | | | | |
| Interest receivable | - | - | - | - | 32 | (32) |
| Other receivables | 2 | (3) | 1 | 1 | 8 | 47 |
| Responsible Entity fees | (6) | 4 | (1) | (7) | (25) | (12) |
| Other payables | (1) | (1) | - | - | 691 | (171) |
| Net Cash From Operating Activities | 12,714 | 7,881 | 4,642 | 13,251 | 43,355 | 32,768 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Conservative Fund - Nil Entry Fee Option | | Colonial First State Balanced Fund - Nil Entry Fee Option | | Colonial First State Diversified Fund - Nil Entry Fee Option | |
|---|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders | 1,606 | 2,763 | 972 | 1,678 | 834 | 1,555 |
| Proceeds from sale of financial instruments held for trading | 6,607 | 6,466 | 2,903 | 3,659 | 2,490 | 2,561 |
| Payments for purchase of financial instruments held for trading | (140) | (561) | (207) | (223) | (201) | (392) |
| Changes in fair value of financial instruments held for trading | (430) | (1,289) | (398) | (1,065) | (461) | (1,191) |
| Distribution income reinvested | (1,491) | (1,838) | (749) | (815) | (542) | (553) |
| Changes in assets and liabilities: | | | | | | |
| Other receivables | 1 | 4 | 1 | - | 1 | (1) |
| Responsible Entity fees | (4) | (2) | (2) | (1) | (1) | - |
| Other payables | (1) | - | - | (2) | 1 | 1 |
| Net Cash From Operating Activities | 6,148 | 5,543 | 2,520 | 3,231 | 2,121 | 1,980 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | Colonial First State Geared Share Fund - Nil Entry Fee Option | | Colonial First State Property Securities Fund - Nil Entry Fee Option | |
|---|---|--------------------------------------|---|----------------------------------|---|----------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
| Net profit attributable to unitholders | 2,487 | 3,832 | 387,659 | 1,660,839 | 162,882 | 637,320 |
| Proceeds from sale of financial instruments held for trading | 4,405 | 5,617 | 5,329,000 | 12,494,301 | 625,245 | 914,601 |
| Payments for purchase of financial instruments held for trading | (360) | (532) | (5,096,600) | (10,066,001) | (31,000) | (173,002) |
| Changes in fair value of financial instruments held for trading | (1,969) | (3,353) | (412,160) | (1,634,993) | (12,797) | (431,876) |
| Distribution income reinvested | (853) | (849) | (114,387) | (196,391) | (190,807) | (252,517) |
| Changes in assets and liabilities: | | | | | | |
| Interest receivable | - | - | (407) | 432 | 41 | (53) |
| Other receivables | 1 | (2) | 836 | (1,691) | 167 | 3,255 |
| Responsible Entity fees | (1) | - | (2,758) | 2,429 | (401) | 27 |
| Net Cash From Operating Activities | 3,710 | 4,713 | 91,183 | 2,258,925 | 553,330 | 697,755 |

(b) Non-cash financing activities carried out during the year on normal commercial terms and conditions included:

- Reinvestment of unitholders distributions as disclosed in Statements of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".
- Participation in dividend reinvestment plans as disclosed in Note 7(a) under "Distribution income reinvested".

(c) Terms and conditions on cash

Cash at bank and in hand, cash held in collateral and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

(d) Derivative cash accounts

Included in the cash and cash equivalents are derivative cash accounts which comprise of cash held as collateral for derivative transactions.

The balance of the derivative cash accounts at the end of the reporting periods were as follows:

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Colonial First State Australian Share Fund | 112 | 392 |
| Colonial First State Imputation Fund | 2,519 | 4,350 |
| Colonial First State Future Leaders Fund | 299 | 768 |
| Colonial First State Developing Companies Fund | 540 | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

(ii) Compensation of Key Management Personnel

No amounts are paid by the Funds directly to the Directors of the Responsible Entity of the Funds.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Funds to the Directors as Key Management Personnel.

(c) Responsible Entity's Management Fees

Under the terms of the Constitutions, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of each Fund (i.e. excluding liabilities). Management fees are paid directly by the Funds. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statements of Comprehensive Income reflect only the amount of fees charged directly to the respective Funds.

The management fees rate charged for the period are as follows:

| | 2011 Management Fees % | 2010 Management Fees % |
|--|---------------------------------|---------------------------------|
| Colonial First State Conservative Fund | 1.40 | 1.40 |
| Colonial First State Balanced Fund | 1.50 | 1.50 |
| Colonial First State Diversified Fund | 1.75 | 1.75 |
| Colonial First State High Growth Fund | 2.10 | 2.10 |
| Colonial First State Australian Share Fund | 1.75 | 1.75 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees (continued)

| | 2011 Management Fees % | 2010 Management Fees % |
|--|---------------------------------|---------------------------------|
| Colonial First State Imputation Fund | 1.75 | 1.75 |
| Colonial First State Future Leaders Fund | 2.00 | 2.00 |
| Colonial First State Developing Companies Fund | 2.25 | 2.25 |
| Colonial First State Geared Share Fund * | 1.95 | 1.95 |
| Colonial First State Global Share Fund | 2.05 | 2.05 |
| Colonial First State Global Resources Fund | 2.25 | 2.25 |
| Colonial First State Geared Global Share Fund | 2.05 | 2.05 |
| Colonial First State Property Securities Fund | 1.50 | 1.50 |
| Colonial First State Cash Fund | 0.95 | 0.95 |
| Colonial First State Premier CMT | 0.65 | 0.65 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 1.80 | 1.80 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 1.90 | 1.90 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 2.15 | 2.15 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 2.15 | 2.15 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option * | 2.35 | 2.35 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 1.90 | 1.90 |

* The Responsible Entity is not remunerated by way of cash fee. Instead, each month the Responsible Entity receive units in the Fund at no cost in consideration for managing the Fund.

The actual management fee rate charged for global investing Funds are lower than those disclosed above. This is due to these Funds being entitled to claim 100% of the Good and Services Tax ("GST") as compared to 75% for domestic investing Funds.

The Responsible Entity's management fees charged for the period ended 30 June 2011 and 30 June 2010 are as follows:

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|----------------------------------|----------------------------------|
| Colonial First State Conservative Fund | 699,382 | 772,623 |
| Colonial First State Balanced Fund | 962,563 | 1,047,811 |
| Colonial First State Diversified Fund | 2,519,083 | 2,772,359 |
| Colonial First State High Growth Fund | 558,480 | 594,033 |
| Colonial First State Australian Share Fund | 2,642,237 | 2,776,161 |
| Colonial First State Imputation Fund | 34,778,784 | 37,453,096 |
| Colonial First State Future Leaders Fund | 14,193,524 | 13,902,343 |
| Colonial First State Developing Companies Fund | 6,705,549 | 6,119,539 |
| Colonial First State Geared Share Fund | 2,860,977 | 3,333,798 |
| Colonial First State Global Share Fund | 398,506 | 455,691 |
| Colonial First State Global Resources Fund | 1,940,448 | 1,843,259 |
| Colonial First State Geared Global Share Fund | 289,023 | 301,993 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees (continued)

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|----------------------------------|----------------------------------|
| Colonial First State Property Securities Fund | 479,084 | 546,775 |
| Colonial First State Cash Fund | 197,573 | 240,165 |
| Colonial First State Premier CMT | 706,542 | 956,915 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 319,185 | 367,167 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 177,798 | 204,560 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 169,566 | 190,971 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 337,355 | 372,871 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 140,708 | 172,217 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 40,619 | 47,488 |

Fees due to/(refund from) the Responsible Entity as at period ended 30 June 2011 and 30 June 2010 are as follows:

| | 2011 \$ | 2010 \$ |
|--|------------|------------|
| Colonial First State Conservative Fund | 59,612 | 66,834 |
| Colonial First State Balanced Fund | 83,128 | 90,072 |
| Colonial First State Diversified Fund | 214,832 | 233,200 |
| Colonial First State High Growth Fund | 47,978 | 49,376 |
| Colonial First State Australian Share Fund | 224,132 | 231,911 |
| Colonial First State Imputation Fund | 2,938,748 | 3,065,278 |
| Colonial First State Future Leaders Fund | 1,232,727 | 1,169,388 |
| Colonial First State Developing Companies Fund | 577,967 | 506,103 |
| Colonial First State Geared Share Fund | 215,092 | 290,414 |
| Colonial First State Global Share Fund | 34,733 | 38,237 |
| Colonial First State Global Resources Fund | 166,581 | 159,718 |
| Colonial First State Geared Global Share Fund | 25,503 | 24,070 |
| Colonial First State Property Securities Fund | 40,274 | 46,351 |
| Colonial First State Cash Fund | 17,728 | 19,224 |
| Colonial First State Premier CMT | 55,740 | 80,317 |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 26,406 | 30,833 |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 15,371 | 16,915 |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 14,454 | 15,863 |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 28,648 | 30,007 |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 11,012 | 13,770 |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 3,454 | 3,855 |

(d) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(e) Related Party Investments of the Funds

Other Funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Colonial First State - Wholesale Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

The interests of Colonial First State Investments Limited and its associates in the Funds at the end of the reporting period are set out below:

| | 2011 Number of Units No.'000 | 2010 Number of Units No.'000 |
|--|---|---|
| Colonial First State Future Leaders Fund | 54,773 | 51,855 |
| Colonial First State Developing Companies Fund | 19,770 | 20,568 |
| Colonial First State Geared Share Fund | - | 100,966 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(f) Related Party Transactions

Related parties

Transactions between the Funds and other registered Funds also managed by the Responsible Entity consisted of the sale of units in the Funds to related Managed Investment Schemes, purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

The amounts outstanding payable or receivable at period end represent the value of the units (financial liability of the Schemes) issued or held and any amount of interest expense payable or receivable.

Terms and conditions of transactions with related parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

(g) Investing Activities

(i) Managed investment schemes

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

| Investment Name | Units Held at Period End No.'000 | Value of Investment at Period End \$'000 | Interest held in Investment at Period End % | Units Acquired During Period No.'000 | Units Disposed During Period No.'000 | Distribution Received \$'000 |
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|

Colonial First State Conservative Fund

Units held in

Colonial First State Wholesale Conservative Fund

| | | | | | | |
|--------|---------|---------|------|-------|--------|-------|
| - 2011 | 96,582 | 99,847 | 8.31 | 5,742 | 17,878 | 5,326 |
| - 2010 | 108,718 | 111,229 | 9.00 | 7,894 | 17,253 | 6,298 |

Colonial First State Balanced Fund

Units held in

Colonial First State Wholesale Balanced Fund

| | | | | | | |
|--------|---------|---------|-------|-------|--------|-------|
| - 2011 | 139,965 | 139,167 | 12.97 | 7,511 | 21,693 | 6,537 |
| - 2010 | 154,147 | 150,155 | 13.57 | 8,129 | 19,252 | 6,822 |

Colonial First State Diversified Fund

Units held in

Colonial First State Wholesale Diversified Fund

| | | | | | | |
|--------|---------|---------|-------|--------|--------|--------|
| - 2011 | 231,631 | 293,291 | 13.51 | 11,531 | 39,651 | 12,064 |
| - 2010 | 259,751 | 319,313 | 14.01 | 12,495 | 30,739 | 12,081 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(g) Investing Activities (continued)

(i) Managed investment schemes (continued)

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

| Investment Name | Units Held at Period End No.'000 | Value of Investment at Period End \$'000 | Interest held in Investment at Period End % | Units Acquired During Period No.'000 | Units Disposed During Period No.'000 | Distribution Received \$'000 |
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|

Colonial First State High Growth Fund

Units held in

Colonial First State Wholesale High Growth Fund

| | | | | | | |
|--------|--------|--------|-------|-------|-------|-------|
| - 2011 | 58,491 | 55,169 | 18.27 | 3,145 | 8,529 | 1,346 |
| - 2010 | 63,875 | 56,816 | 19.03 | 3,512 | 5,852 | 1,094 |

Colonial First State Australian Share Fund

Units held in

Colonial First State Global Asset Management Equity Trust 5

| | | | | | | |
|--------|-------|-------|------|-------|---|-----|
| - 2011 | 7,116 | 7,058 | 2.33 | 1,866 | - | 644 |
| - 2010 | 5,250 | 5,065 | 2.34 | 5,250 | - | 76 |

Colonial First State Imputation Fund

Units held in

Colonial First State Global Asset Management Equity Trust 5

| | | | | | | |
|--------|--------|--------|-------|--------|---|-------|
| - 2011 | 95,601 | 94,826 | 31.27 | 24,829 | - | 8,650 |
| - 2010 | 70,772 | 68,274 | 31.59 | 70,772 | - | 1,029 |

Colonial First State Geared Share Fund

Units held in

Colonial First State Wholesale Geared Share Fund

| | | | | | | |
|--------|---------|---------|-------|-------|--------|-------|
| - 2011 | 96,171 | 270,077 | 12.66 | 3,916 | 12,801 | 3,156 |
| - 2010 | 105,055 | 285,057 | 13.54 | 9,185 | 9,895 | 5,896 |

Colonial First State Global Share Fund

Units held in

Colonial First State Wholesale Global Share Fund

| | | | | | | |
|--------|--------|--------|------|-------|-------|-----|
| - 2011 | 41,233 | 42,338 | 3.36 | 2,045 | 6,962 | 433 |
| - 2010 | 46,149 | 46,592 | 3.67 | 1,971 | 5,432 | 304 |

Colonial First State Global Resources Fund

Units held in

Colonial First State Wholesale Global Resources Fund

| | | | | | | |
|--------|--------|---------|------|-------|--------|-----|
| - 2011 | 77,046 | 162,644 | 6.43 | 1,203 | 12,670 | 115 |
| - 2010 | 88,513 | 160,174 | 7.40 | 1,305 | 9,602 | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(g) Investing Activities (continued)

(i) Managed investment schemes (continued)

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

| Investment Name | Units Held at Period End No.'000 | Value of Investment at Period End \$'000 | Interest held in Investment at Period End % | Units Acquired During Period No.'000 | Units Disposed During Period No.'000 | Distribution Received \$'000 |
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|

Colonial First State Geared Global Share Fund

Units held in

Colonial First State Wholesale Geared Global Share Fund

| | | | | | | |
|--------|--------|--------|-------|-------|-------|---|
| - 2011 | 64,781 | 30,978 | 37.84 | 3,167 | 8,645 | - |
| - 2010 | 70,259 | 29,263 | 40.82 | 3,292 | 6,751 | - |

Colonial First State Property Securities Fund

Units held in

Colonial First State Wholesale Property Securities Fund

| | | | | | | |
|--------|---------|--------|------|--------|--------|-------|
| - 2011 | 112,274 | 63,053 | 5.72 | 6,792 | 23,649 | 3,535 |
| - 2010 | 129,130 | 72,481 | 6.18 | 10,008 | 16,630 | 4,588 |

Colonial First State Cash Fund

Units held in

Colonial First State Wholesale Cash Fund

| | | | | | | |
|--------|--------|--------|------|--------|--------|-------|
| - 2011 | 34,922 | 35,296 | 0.54 | 8,351 | 11,394 | 1,759 |
| - 2010 | 37,965 | 38,299 | 0.57 | 11,817 | 23,447 | 1,719 |

Colonial First State Conservative Fund - Nil Entry Fee Option

Units held in

Colonial First State Wholesale Conservative Fund

| | | | | | | |
|--------|--------|--------|------|-------|-------|-------|
| - 2011 | 26,575 | 27,473 | 2.29 | 1,560 | 6,281 | 1,491 |
| - 2010 | 31,296 | 32,019 | 2.59 | 2,295 | 6,141 | 1,838 |

Colonial First State Balanced Fund - Nil Entry Fee Option

Units held in

Colonial First State Wholesale Balanced Fund

| | | | | | | |
|--------|--------|--------|------|-------|-------|-----|
| - 2011 | 16,088 | 15,996 | 1.49 | 949 | 2,874 | 749 |
| - 2010 | 18,012 | 17,546 | 1.59 | 1,035 | 3,622 | 815 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(g) Investing Activities (continued)

(i) Managed investment schemes (continued)

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

| Investment Name | Units Held at Period End No.'000 | Value of Investment at Period End \$'000 | Interest held in Investment at Period End % | Units Acquired During Period No.'000 | Units Disposed During Period No.'000 | Distribution Received \$'000 |
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|

Colonial First State Diversified Fund - Nil Entry Fee Option

Units held in

Colonial First State Wholesale Diversified Fund

| | | | | | | |
|--------|--------|--------|------|-----|-------|-----|
| - 2011 | 10,424 | 13,199 | 0.61 | 580 | 1,939 | 542 |
| - 2010 | 11,783 | 14,485 | 0.64 | 740 | 2,001 | 553 |

Colonial First State Imputation Fund - Nil Entry Fee Option

Units held in

Colonial First State Wholesale Imputation Fund

| | | | | | | |
|--------|--------|--------|------|-----|-------|-----|
| - 2011 | 12,137 | 26,244 | 0.99 | 549 | 2,005 | 853 |
| - 2010 | 13,593 | 27,467 | 1.01 | 641 | 2,642 | 849 |

Colonial First State Geared Share Fund - Nil Entry Fee Option **

Units held in

Colonial First State Wholesale Geared Share Fund

| | | | | | | |
|--------|-----------|-----------|------|-----------|-----------|---------|
| - 2011 | 3,485,937 | 9,789,556 | 0.46 | 1,699,335 | 1,712,848 | 114,387 |
| - 2010 | 3,499,450 | 9,495,409 | 0.45 | 3,155,842 | 3,858,551 | 196,391 |

Colonial First State Property Securities Fund - Nil Entry Fee Option **

Units held in

Colonial First State Wholesale Property Securities Fund

| | | | | | | |
|--------|-----------|-----------|------|---------|-----------|---------|
| - 2011 | 6,142,656 | 3,449,715 | 0.31 | 392,631 | 1,091,871 | 190,807 |
| - 2010 | 6,841,896 | 3,840,356 | 0.33 | 742,661 | 1,609,550 | 252,518 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(g) Investing Activities (continued)

(ii) Listed Securities

The following Funds had listed securities with the Bank and its related parties:

| Securities name | Shares / Units held at Period End | Value of Investment at Period End | Interest held in Investment at Period End | Shares / Units acquired During the Period | Shares / Units disposed During the Period | Dividend/ Distribution received |
|-----------------|-----------------------------------|-----------------------------------|---|---|---|---------------------------------|
| | No.'000 | \$'000 | % | No.'000 | No.'000 | \$'000 |

Colonial First State Australian Share Fund

Commonwealth Bank of Australia

| | | | | | | |
|--------|-----|-------|------|----|----|-----|
| - 2011 | 129 | 6,750 | 0.01 | 20 | 92 | 490 |
| - 2010 | 201 | 9,761 | 0.01 | 31 | 80 | 511 |

CFS Retail Property Trust

| | | | | | | |
|--------|---|---|------|----|-----|---|
| - 2011 | - | - | 0.00 | - | - | - |
| - 2010 | - | - | 0.00 | 87 | 268 | 4 |

Colonial First State Imputation Fund

Commonwealth Bank of Australia

| | | | | | | |
|--------|-------|---------|------|-----|-------|-------|
| - 2011 | 2,331 | 121,691 | 0.15 | - | 428 | 7,961 |
| - 2010 | 2,759 | 134,203 | 0.18 | 363 | 1,086 | 7,068 |

CFS Retail Property Trust

| | | | | | | |
|--------|---|---|------|-------|-------|----|
| - 2011 | - | - | 0.00 | - | - | - |
| - 2010 | - | - | 0.00 | 1,177 | 3,873 | 53 |

(iii) Fixed Interests

The following Funds had fixed interest securities with the Bank and its related parties:

| Counterparty | Market Value \$'000 |
|--------------|---------------------|
|--------------|---------------------|

Colonial First State Premier CMT

Commonwealth Bank of Australia

| | |
|--------|--------|
| - 2011 | 12,869 |
| - 2010 | - |

(h) Custody fees

The Responsible Entity is responsible for paying the custody fees on behalf of the Funds. The amount paid is based on the overall arrangement in place with the custodian. The Responsible Entity recharges the custody fees to the Funds.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

9. SEGMENT INFORMATION

The Funds operate in one business segment, being investment management. The Funds operate from one geographic location being Australia, from where their investing activities are managed. Revenue is derived from dividends, distributions, interest, gains on the sale of investments, and unrealised changes in the value of investments.

10. FINANCIAL RISK MANAGEMENT

The Funds' activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement/Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. Certain Funds use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Compliance Department of the Responsible Entity.

The Funds use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

(a) Market Risk

(i) Price risk

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured.

The Investment Managers mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and are regularly monitored by the Compliance Department of the Responsible Entity.

The table in Note 10 (b) summarises the impact of an increase/decrease of the Australian and global indexes on the Funds' net assets attributable to unitholders at 30 June 2011 and 30 June 2010. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled in Note 10 (b) with all other variables held constant and that the fair value of the Funds' which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. Funds that invest in various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in the those classes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk

Certain Funds hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

Certain Funds manage this risk by entering into foreign exchange forward contracts to hedge the risks. The terms and conditions of these contracts rarely exceed twelve months and are contracted in accordance with the investment guidelines. However, for accounting purposes, these Funds do not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The Compliance Department of the Responsible Entity regularly monitors these hedging activities.

The table below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

| | Colonial First State Future Leaders Fund | | | | |
|-----------------------------------|--|------------|------------|------------|------------|
| | New Zealand Dollar | | | | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| 30/06/2011 | | | | | |
| Cash and cash equivalents | 2,106 | - | - | - | - |
| Receivables | 210 | - | - | - | 1 |
| Financial assets held for trading | 23,426 | - | - | - | - |
| | 25,742 | - | - | - | 1 |

| | Colonial First State Future Leaders Fund | | | | |
|-----------------------------------|--|-------------------|------------|------------|------------|
| | New Zealand Dollar | Uk Pound Sterling | | | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| 30/06/2010 | | | | | |
| Cash and cash equivalents | 30 | - | - | - | - |
| Receivables | 262 | - | - | - | 1 |
| Financial assets held for trading | 29,483 | - | - | - | - |
| | 29,775 | - | - | - | 1 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk (continued)

| 30/06/2011 | Colonial First State Developing Companies Fund | | | | |
|-----------------------------------|--|------------|------------|------------|------------|
| | New Zealand Dollar | | | | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| Cash and cash equivalents | 491 | - | - | - | - |
| Financial assets held for trading | 5,074 | - | - | - | - |
| | 5,565 | - | - | - | - |

| 30/06/2010 | Colonial First State Developing Companies Fund | | | | |
|-----------------------------------|--|-------------------|------------|------------|------------|
| | New Zealand Dollar | Uk Pound Sterling | | | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| Cash and cash equivalents | 408 | - | - | - | - |
| Financial assets held for trading | 3,079 | - | - | - | - |
| | 3,487 | - | - | - | - |

The table in Note 10 (b) summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar strengthened/weakened by 10.1% (2010: 10.6%) against each of the other currencies to which the Funds' are exposed.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk

The Funds which have investments in interest bearing financial assets are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk. The risk is measured using sensitivity analysis.

The Funds may also enter into derivative financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Compliance Department of the Responsible Entity.

The table below summarises the Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values.

| 30/06/2011 | Colonial First State Conservative Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 782 | - | - | 782 |
| Receivables | - | - | 20 | 20 |
| Financial assets held for trading | - | - | 99,847 | 99,847 |
| Financial liabilities | | | | |
| Payables | - | - | (690) | (690) |
| Net exposure | 782 | - | 99,177 | 99,959 |

| 30/06/2010 | Colonial First State Conservative Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 997 | - | - | 997 |
| Receivables | - | - | 250 | 250 |
| Financial assets held for trading | - | - | 111,229 | 111,229 |
| Financial liabilities | | | | |
| Payables | - | - | (756) | (756) |
| Net exposure | 997 | - | 110,723 | 111,720 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Balanced Fund | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 886 | - | - | 886 |
| Receivables | - | - | 40 | 40 |
| Financial assets held for trading | - | - | 139,167 | 139,167 |
| Financial liabilities | | | | |
| Payables | - | - | (646) | (646) |
| Net exposure | 886 | - | 138,561 | 139,447 |

| 30/06/2010 | Colonial First State Balanced Fund | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 1,245 | - | - | 1,245 |
| Receivables | - | - | 34 | 34 |
| Financial assets held for trading | - | - | 150,155 | 150,155 |
| Financial liabilities | | | | |
| Payables | - | - | (727) | (727) |
| Net exposure | 1,245 | - | 149,462 | 150,707 |

| 30/06/2011 | Colonial First State Diversified Fund | | | |
|--|---------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 1,661 | - | - | 1,661 |
| Receivables | - | - | 74 | 74 |
| Financial assets held for trading | - | - | 293,291 | 293,291 |
| Financial liabilities | | | | |
| Payables | - | - | (1,105) | (1,105) |
| Financial liabilities held for trading | | | | |
| Net exposure | 1,661 | - | 292,260 | 293,921 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Diversified Fund | | | |
|-----------------------------------|---------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 1,215 | - | - | 1,215 |
| Receivables | - | - | 83 | 83 |
| Financial assets held for trading | - | - | 319,313 | 319,313 |
| Financial liabilities | | | | |
| Payables | - | - | (569) | (569) |
| Net exposure | 1,215 | - | 318,827 | 320,042 |

| 30/06/2011 | Colonial First State High Growth Fund | | | |
|-----------------------------------|---------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 261 | - | - | 261 |
| Receivables | - | - | 20 | 20 |
| Financial assets held for trading | - | - | 55,169 | 55,169 |
| Financial liabilities | | | | |
| Payables | - | - | (124) | (124) |
| Net exposure | 261 | - | 55,065 | 55,326 |

| 30/06/2010 | Colonial First State High Growth Fund | | | |
|-----------------------------------|---------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 201 | - | - | 201 |
| Receivables | - | - | 18 | 18 |
| Financial assets held for trading | - | - | 56,816 | 56,816 |
| Financial liabilities | | | | |
| Payables | - | - | (57) | (57) |
| Net exposure | 201 | - | 56,777 | 56,978 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Australian Share Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 700 | - | - | 700 |
| Receivables | - | - | 2,523 | 2,523 |
| Financial assets held for trading | - | - | 137,352 | 137,352 |
| Derivatives | - | - | 1,177 | 1,177 |
| Financial liabilities | | | | |
| Payables | - | - | (1,152) | (1,152) |
| Net exposure | 700 | - | 139,900 | 140,600 |

| 30/06/2010 | Colonial First State Australian Share Fund | | | |
|---|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 2,671 | - | - | 2,671 |
| Receivables | - | - | 1,580 | 1,580 |
| Financial assets held for trading | - | - | 139,062 | 139,062 |
| Derivatives | - | - | 3,416 | 3,416 |
| Financial liabilities | | | | |
| Payables | - | - | (1,532) | (1,532) |
| Financial liabilities held for trading - Derivatives | - | - | (144) | (144) |
| Net exposure | 2,671 | - | 142,382 | 145,053 |

| 30/06/2011 | Colonial First State Imputation Fund | | | |
|-----------------------------------|--------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 32,010 | - | - | 32,010 |
| Receivables | - | - | 12,596 | 12,596 |
| Financial assets held for trading | - | - | 1,793,165 | 1,793,165 |
| Derivatives | - | - | 18,995 | 18,995 |
| Financial liabilities | | | | |
| Payables | - | - | (4,372) | (4,372) |
| Net exposure | 32,010 | - | 1,820,384 | 1,852,394 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Imputation Fund | | | |
|---|--------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 26,031 | - | - | 26,031 |
| Receivables | - | - | 19,289 | 19,289 |
| Financial assets held for trading | - | - | 1,843,953 | 1,843,953 |
| Derivatives | - | - | 50,733 | 50,733 |
| Financial liabilities | | | | |
| Payables | - | - | (11,293) | (11,293) |
| Financial liabilities held for trading - Derivatives | - | - | (2,516) | (2,516) |
| Net exposure | 26,031 | - | 1,900,166 | 1,926,197 |

| 30/06/2011 | Colonial First State Future Leaders Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 12,124 | - | - | 12,124 |
| Receivables | - | - | 3,689 | 3,689 |
| Financial assets held for trading | - | - | 663,337 | 663,337 |
| Derivatives | - | - | 63 | 63 |
| Financial liabilities | | | | |
| Payables | - | - | (3,083) | (3,083) |
| Net exposure | 12,124 | - | 664,006 | 676,130 |

| 30/06/2010 | Colonial First State Future Leaders Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 10,693 | - | - | 10,693 |
| Receivables | - | - | 2,769 | 2,769 |
| Financial assets held for trading | - | - | 631,802 | 631,802 |
| Financial liabilities | | | | |
| Payables | - | - | (3,277) | (3,277) |
| - Derivatives | - | - | (325) | (325) |
| Net exposure | 10,693 | - | 630,969 | 641,662 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Developing Companies Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 8,598 | - | - | 8,598 |
| Receivables | - | - | 407 | 407 |
| Financial assets held for trading | - | - | 273,438 | 273,438 |
| Derivatives | - | - | 26 | 26 |
| Financial liabilities | | | | |
| Payables | - | - | (5,256) | (5,256) |
| Net exposure | 8,598 | - | 268,615 | 277,213 |

| 30/06/2010 | Colonial First State Developing Companies Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 2,624 | - | - | 2,624 |
| Receivables | - | - | 331 | 331 |
| Financial assets held for trading | - | - | 244,400 | 244,400 |
| Financial liabilities | | | | |
| Payables | - | - | (910) | (910) |
| Net exposure | 2,624 | - | 243,821 | 246,445 |

| 30/06/2011 | Colonial First State Geared Share Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 2,282 | - | - | 2,282 |
| Receivables | - | - | 150 | 150 |
| Financial assets held for trading | - | - | 270,077 | 270,077 |
| Financial liabilities | | | | |
| Payables | - | - | (1,564) | (1,564) |
| Net exposure | 2,282 | - | 268,663 | 270,945 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Geared Share Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 4,226 | - | - | 4,226 |
| Receivables | - | - | 344 | 344 |
| Financial assets held for trading | - | - | 285,057 | 285,057 |
| Financial liabilities | | | | |
| Payables | - | - | (3,719) | (3,719) |
| Net exposure | 4,226 | - | 281,682 | 285,908 |

| 30/06/2011 | Colonial First State Global Share Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 135 | - | - | 135 |
| Receivables | - | - | 20 | 20 |
| Financial assets held for trading | - | - | 42,338 | 42,338 |
| Financial liabilities | | | | |
| Payables | - | - | (60) | (60) |
| Net exposure | 135 | - | 42,298 | 42,433 |

| 30/06/2010 | Colonial First State Global Share Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 167 | - | - | 167 |
| Receivables | - | - | 13 | 13 |
| Financial assets held for trading | - | - | 46,592 | 46,592 |
| Financial liabilities | | | | |
| Payables | - | - | (70) | (70) |
| Net exposure | 167 | - | 46,535 | 46,702 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Global Resources Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 2,111 | - | - | 2,111 |
| Receivables | - | - | 176 | 176 |
| Financial assets held for trading | - | - | 162,644 | 162,644 |
| Financial liabilities | | | | |
| Payables | - | - | (2,031) | (2,031) |
| Net exposure | 2,111 | - | 160,789 | 162,900 |

| 30/06/2010 | Colonial First State Global Resources Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 520 | - | - | 520 |
| Receivables | - | - | 77 | 77 |
| Financial assets held for trading | - | - | 160,174 | 160,174 |
| Financial liabilities | | | | |
| Payables | - | - | (224) | (224) |
| Net exposure | 520 | - | 160,027 | 160,547 |

| 30/06/2011 | Colonial First State Geared Global Share Fund | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 111 | - | - | 111 |
| Receivables | - | - | 9 | 9 |
| Financial assets held for trading | - | - | 30,978 | 30,978 |
| Financial liabilities | | | | |
| Payables | - | - | (35) | (35) |
| Net exposure | 111 | - | 30,952 | 31,063 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Geared Global Share Fund | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 115 | - | - | 115 |
| Receivables | - | - | 8 | 8 |
| Financial assets held for trading | - | - | 29,263 | 29,263 |
| Financial liabilities | | | | |
| Payables | - | - | (59) | (59) |
| Net exposure | 115 | - | 29,212 | 29,327 |

| 30/06/2011 | Colonial First State Property Securities Fund | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 280 | - | - | 280 |
| Receivables | - | - | 83 | 83 |
| Financial assets held for trading | - | - | 63,053 | 63,053 |
| Financial liabilities | | | | |
| Payables | - | - | (129) | (129) |
| Net exposure | 280 | - | 63,007 | 63,287 |

| 30/06/2010 | Colonial First State Property Securities Fund | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 407 | - | - | 407 |
| Receivables | - | - | 86 | 86 |
| Financial assets held for trading | - | - | 72,481 | 72,481 |
| Financial liabilities | | | | |
| Payables | - | - | (636) | (636) |
| Net exposure | 407 | - | 71,931 | 72,338 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Cash Fund | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 64 | - | - | 64 |
| Receivables | - | - | 157 | 157 |
| Financial assets held for trading | - | - | 35,296 | 35,296 |
| Financial liabilities | | | | |
| Payables | - | - | (78) | (78) |
| Net exposure | 64 | - | 35,375 | 35,439 |

| 30/06/2010 | Colonial First State Cash Fund | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 362 | - | - | 362 |
| Receivables | - | - | 32 | 32 |
| Financial assets held for trading | - | - | 38,299 | 38,299 |
| Financial liabilities | | | | |
| Payables | - | - | (280) | (280) |
| Net exposure | 362 | - | 38,051 | 38,413 |

| 30/06/2011 | Colonial First State Premier CMT | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 8,326 | - | - | 8,326 |
| Receivables | - | - | 44 | 44 |
| Financial assets held for trading | - | 87,674 | - | 87,674 |
| Financial liabilities | | | | |
| Payables | - | - | (519) | (519) |
| Net exposure | 8,326 | 87,674 | (475) | 95,525 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Premier CMT | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 11,209 | - | - | 11,209 |
| Receivables | - | - | 431 | 431 |
| Financial assets held for trading | - | 126,333 | - | 126,333 |
| Financial liabilities | | | | |
| Payables | - | - | (549) | (549) |
| Net exposure | 11,209 | 126,333 | (118) | 137,424 |

| 30/06/2011 | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 230 | - | - | 230 |
| Receivables | - | - | 9 | 9 |
| Financial assets held for trading | - | - | 27,473 | 27,473 |
| Financial liabilities | | | | |
| Payables | - | - | (181) | (181) |
| Net exposure | 230 | - | 27,301 | 27,531 |

| 30/06/2010 | Colonial First State Conservative Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 340 | - | - | 340 |
| Receivables | - | - | 10 | 10 |
| Financial assets held for trading | - | - | 32,019 | 32,019 |
| Financial liabilities | | | | |
| Payables | - | - | (245) | (245) |
| Net exposure | 340 | - | 31,784 | 32,124 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Balanced Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 96 | - | - | 96 |
| Receivables | - | - | 6 | 6 |
| Financial assets held for trading | - | - | 15,996 | 15,996 |
| Financial liabilities | | | | |
| Payables | - | - | (67) | (67) |
| Net exposure | 96 | - | 15,935 | 16,031 |

| 30/06/2010 | Colonial First State Balanced Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 201 | - | - | 201 |
| Receivables | - | - | 5 | 5 |
| Financial assets held for trading | - | - | 17,546 | 17,546 |
| Financial liabilities | | | | |
| Payables | - | - | (138) | (138) |
| Net exposure | 201 | - | 17,413 | 17,614 |

| 30/06/2011 | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 76 | - | - | 76 |
| Receivables | - | - | 5 | 5 |
| Financial assets held for trading | - | - | 13,199 | 13,199 |
| Financial liabilities | | | | |
| Payables | - | - | (50) | (50) |
| Net exposure | 76 | - | 13,154 | 13,230 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Diversified Fund - Nil Entry Fee Option | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 53 | - | - | 53 |
| Receivables | - | - | 17 | 17 |
| Financial assets held for trading | - | - | 14,485 | 14,485 |
| Financial liabilities | | | | |
| Payables | - | - | (25) | (25) |
| Net exposure | 53 | - | 14,477 | 14,530 |

| 30/06/2011 | Colonial First State Imputation Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 108 | - | - | 108 |
| Receivables | - | - | 9 | 9 |
| Financial assets held for trading | - | - | 26,244 | 26,244 |
| Financial liabilities | | | | |
| Payables | - | - | (80) | (80) |
| Net exposure | 108 | - | 26,173 | 26,281 |

| 30/06/2010 | Colonial First State Imputation Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 129 | - | - | 129 |
| Receivables | - | - | 10 | 10 |
| Financial assets held for trading | - | - | 27,467 | 27,467 |
| Financial liabilities | | | | |
| Payables | - | - | (59) | (59) |
| Net exposure | 129 | - | 27,418 | 27,547 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|------------------------------|-------------------------------|-------------|
| | Floating interest rate \$ | Fixed interest rate \$ | Non-interest bearing \$ | Total \$ |
| Financial assets | | | | |
| Receivables | - | - | 154,035 | 154,035 |
| Financial assets held for trading | - | - | 9,789,556 | 9,789,556 |
| Financial liabilities | | | | |
| Payables | - | - | (33,188) | (33,188) |
| Bank overdraft | (88,031) | - | - | (88,031) |
| Net exposure | (88,031) | - | 9,910,403 | 9,822,372 |

| 30/06/2010 | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | |
|-----------------------------------|---|------------------------------|-------------------------------|-------------|
| | Floating interest rate \$ | Fixed interest rate \$ | Non-interest bearing \$ | Total \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 92,700 | - | - | 92,700 |
| Receivables | - | - | 4,877 | 4,877 |
| Financial assets held for trading | - | - | 9,495,409 | 9,495,409 |
| Financial liabilities | | | | |
| Payables | - | - | (39,504) | (39,504) |
| Net exposure | 92,700 | - | 9,460,782 | 9,553,482 |

| 30/06/2011 | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|-----------------------------------|--|------------------------------|-------------------------------|-------------|
| | Floating interest rate \$ | Fixed interest rate \$ | Non-interest bearing \$ | Total \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 21,282 | - | - | 21,282 |
| Receivables | - | - | 1,095 | 1,095 |
| Financial assets held for trading | - | - | 3,449,715 | 3,449,715 |
| Financial liabilities | | | | |
| Payables | - | - | (14,938) | (14,938) |
| Net exposure | 21,282 | - | 3,435,872 | 3,457,154 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | |
|-----------------------------------|--|------------------------------|-------------------------------|------------------|
| | Floating interest rate \$ | Fixed interest rate \$ | Non-interest bearing \$ | Total \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 41,843 | - | - | 41,843 |
| Receivables | - | - | 1,938 | 1,938 |
| Financial assets held for trading | - | - | 3,840,356 | 3,840,356 |
| Financial liabilities | | | | |
| Payables | - | - | (37,658) | (37,658) |
| Net exposure | 41,843 | - | 3,804,636 | 3,846,479 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

An analysis of financial liabilities by maturities is provided in paragraph (d) below.

The table in Note 10 (b) summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2010: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities.

(b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Funds' operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

| | Colonial First State Conservative Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|------------------|-----------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -9.04% \$'000 | 9.04% \$'000 |
| | | | | | | |
| 30/06/2011 | (5) | 5 | - | - | (9,031) | 9,031 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -9.78% \$'000 | 9.78% \$'000 |
| 30/06/2010 | (6) | 6 | - | - | (10,875) | 10,875 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Balanced Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -13.37% \$'000 | 13.37% \$'000 |
| | | | | | | |
| 30/06/2011 | (5) | 5 | - | - | (18,614) | 18,614 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -14.48% \$'000 | 14.48% \$'000 |
| 30/06/2010 | (7) | 7 | - | - | (21,735) | 21,735 |

| | Colonial First State Diversified Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -17.05% \$'000 | 17.05% \$'000 |
| | | | | | | |
| 30/06/2011 | (10) | 10 | - | - | (50,009) | 50,009 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -18.47% \$'000 | 18.47% \$'000 |
| 30/06/2010 | (7) | 7 | - | - | (58,987) | 58,987 |

| | Colonial First State High Growth Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -24.13% \$'000 | 24.13% \$'000 |
| | | | | | | |
| 30/06/2011 | (2) | 2 | - | - | (13,312) | 13,312 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -25.95% \$'000 | 25.95% \$'000 |
| 30/06/2010 | (1) | 1 | - | - | (14,744) | 14,744 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Australian Share Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -24.51% \$'000 | 24.51% \$'000 |
| | | | | | | |
| 30/06/2011 | (4) | 4 | - | - | (33,676) | 33,676 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -27.32% \$'000 | 27.32% \$'000 |
| 30/06/2010 | (16) | 16 | - | - | (37,948) | 37,948 |

| | Colonial First State Imputation Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -24.57% \$'000 | 24.57% \$'000 |
| | | | | | | |
| 30/06/2011 | (192) | 192 | - | - | (440,790) | 440,790 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -27.33% \$'000 | 27.33% \$'000 |
| 30/06/2010 | (156) | 156 | - | - | (503,297) | 503,297 |

| | Colonial First State Future Leaders Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -25.90% \$'000 | 25.90% \$'000 |
| | | | | | | |
| 30/06/2011 | (73) | 73 | (234) | 234 | (171,850) | 171,850 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -28.25% \$'000 | 28.25% \$'000 |
| 30/06/2010 | (64) | 64 | (31) | 31 | (178,402) | 178,402 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Developing Companies Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -26.02% \$'000 | 26.02% \$'000 |
| | | | | | | |
| 30/06/2011 | (52) | 52 | (50) | 50 | (71,146) | 71,146 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -28.44% \$'000 | 28.44% \$'000 |
| 30/06/2010 | (16) | 16 | (43) | 43 | (69,497) | 69,497 |

| | Colonial First State Geared Share Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -26.10% \$'000 | 26.10% \$'000 |
| | | | | | | |
| 30/06/2011 | (14) | 14 | - | - | (70,490) | 70,490 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -28.60% \$'000 | 28.60% \$'000 |
| 30/06/2010 | (25) | 25 | - | - | (81,526) | 81,526 |

| | Colonial First State Global Share Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | | | | | | |
| 30/06/2011 | (1) | 1 | - | - | (9,145) | 9,145 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| 30/06/2010 | (1) | 1 | - | - | (10,623) | 10,623 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Global Resources Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | | | | | | |
| 30/06/2011 | (13) | 13 | - | - | (35,131) | 35,131 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| 30/06/2010 | (3) | 3 | - | - | (36,520) | 36,520 |

| | Colonial First State Geared Global Share Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | | | | | | |
| 30/06/2011 | (1) | 1 | - | - | (6,691) | 6,691 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| 30/06/2010 | (1) | 1 | - | - | (6,672) | 6,672 |

| | Colonial First State Property Securities Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -17.60% \$'000 | 17.60% \$'000 |
| | | | | | | |
| 30/06/2011 | (2) | 2 | - | - | (11,097) | 11,097 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -20.50% \$'000 | 20.50% \$'000 |
| 30/06/2010 | (2) | 2 | - | - | (14,859) | 14,859 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Cash Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|------------------|-----------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -0.60% \$'000 | 0.60% \$'000 |
| | | | | | | |
| 30/06/2011 | - | - | - | - | (212) | 212 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -0.60% \$'000 | 0.60% \$'000 |
| 30/06/2010 | (2) | 2 | - | - | (230) | 230 |

| | Colonial First State Premier CMT | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-----------------|-----------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | 0.00% \$'000 | 0.00% \$'000 |
| | | | | | | |
| 30/06/2011 | (576) | 576 | - | - | - | - |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | 0.00% \$'000 | 0.00% \$'000 |
| 30/06/2010 | (825) | 825 | (6) | 6 | - | - |

| | Colonial First State Conservative Fund - Nil Entry Fee Option | | | | | |
|------------|--|----------------------------|-----------------------|------------------|------------------|-----------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -9.05% \$'000 | 9.05% \$'000 |
| | | | | | | |
| 30/06/2011 | (1) | 1 | - | - | (2,485) | 2,485 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -9.78% \$'000 | 9.78% \$'000 |
| 30/06/2010 | (2) | 2 | - | - | (3,130) | 3,130 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| | Colonial First State Balanced Fund - Nil Entry Fee Option | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -13.38% \$'000 | 13.38% \$'000 |
| | | | | | | |
| 30/06/2011 | (1) | 1 | - | - | (2,140) | 2,140 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -14.48% \$'000 | 14.48% \$'000 |
| 30/06/2010 | (1) | 1 | - | - | (2,540) | 2,540 |

| | Colonial First State Diversified Fund - Nil Entry Fee Option | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -17.05% \$'000 | 17.05% \$'000 |
| | | | | | | |
| 30/06/2011 | - | - | - | - | (2,250) | 2,250 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -18.47% \$'000 | 18.47% \$'000 |
| 30/06/2010 | - | - | - | - | (2,676) | 2,676 |

| | Colonial First State Imputation Fund - Nil Entry Fee Option | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -26.10% \$'000 | 26.10% \$'000 |
| | | | | | | |
| 30/06/2011 | (1) | 1 | - | - | (6,850) | 6,850 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -28.60% \$'000 | 28.60% \$'000 |
| 30/06/2010 | (1) | 1 | - | - | (7,855) | 7,855 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| 30/06/2011 | Colonial First State Geared Share Fund - Nil Entry Fee Option | | | | | |
|------------|--|------------------|-----------------------|--------|--------------|-----------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points | +60 basis points | -10.10% | 10.10% | -26.10% | 26.10% |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | - | - | - | - | (2,555,074) | 2,555,074 |
| | | | | | | |
| 30/06/2010 | -60 basis points | +60 basis points | -10.60% | 10.60% | -28.60% | 28.60% |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | (556) | 556 | 43 | (43) | (2,715,687) | 2,715,687 |

| | Colonial First State Property Securities Fund - Nil Entry Fee Option | | | | | |
|--|--|------------------|-----------------------|--------|------------|------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | -60 basis points | +60 basis points | -10.10% | 10.10% | -17.60% | 17.60% |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | 30/06/2011 | (128) | 128 | - | - | (607,150) |
| | -60 basis points | +60 basis points | -10.60% | 10.60% | -20.50% | 20.50% |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | 30/06/2010 | (251) | 251 | - | - | (787,273) |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

Some Funds transact in derivatives in the over the counter (OTC) markets. OTC derivatives are entered into directly with the counterparty as there is no Clearing House arrangement. Such transactions are only dealt through suitably credit-worthy counterparties, whom have a minimum long term credit rating of BBB as rated by Standard and Poor's or an equivalent agency. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in Note 11.

Certain Funds invest in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

The Compliance Department of the Responsible Entity regularly monitors the credit risks that arise from holding these securities.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard and Poor's or equivalent agency).

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. An analysis of debt securities by rating is set out in the table below for the Funds which have such securities.

| | Colonial First State Premier CMT | |
|---------------|-------------------------------------|----------------------|
| | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Rating | | |
| AAA | 86,324 | - |
| AA | - | 126,333 |
| Non rated | 1,350 | - |
| Total | 87,674 | 126,333 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Funds' listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. Investments at a higher risk of liquidity have been disclosed in Note 5 (Level 3).

The Funds' financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

The table below analyses the Funds' derivative financial instruments into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts disclosed in the table are the contractual undiscounted gross cash flows expected to be paid or received, determined by reference to the conditions existing at the year end date. The contractual amounts can be settled on a gross or net basis.

| 30/06/2011 | Colonial First State Australian Share Fund | | | | | | |
|---|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures | | | | | | | |
| Inflows | - | 18 | - | - | - | - | 18 |
| (Outflows) | - | - | - | - | - | - | - |

| 30/06/2010 | Colonial First State Australian Share Fund | | | | | | |
|---|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures | | | | | | | |
| Inflows | - | - | - | - | - | - | - |
| (Outflows) | - | (144) | - | - | - | - | (144) |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

| 30/06/2011 | Colonial First State Imputation Fund | | | | | | |
|--|--------------------------------------|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | 504 - | - - | - - | - - | - - | 504 - |

| 30/06/2010 | Colonial First State Imputation Fund | | | | | | |
|--|--------------------------------------|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | - (2,155) | - - | - - | - - | - - | - (2,155) |

| 30/06/2011 | Colonial First State Future Leaders Fund | | | | | | |
|--|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | 63 - | - - | - - | - - | - - | 63 - |

| 30/06/2010 | Colonial First State Future Leaders Fund | | | | | | |
|--|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | - (325) | - - | - - | - - | - - | - (325) |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

| 30/06/2011 | Colonial First State Developing Companies Fund | | | | | | |
|--|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | 26 - | - - | - - | - - | - - | 26 - |

| 30/06/2010 | Colonial First State Developing Companies Fund | | | | | | |
|--|--|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Australian share price index futures Inflows (Outflows) | - - | - - | - - | - - | - - | - - | - - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value Estimation

The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

The Funds value their investments in accordance with the accounting policies set out in Note 1. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and listed securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Funds is the last bid price. The quoted market price used for equity securities sold short by certain Funds is the current asking price. Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

Investments in unlisted managed investment schemes are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives and investments in unlisted securities) is determined using valuation techniques. These Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

As a result of the developments in global markets, generally known as the global financial crisis, liquidity in some investment markets has decreased significantly. As a result, the volume of trading in some of the investments held by the Funds has decreased significantly, and accordingly the valuation of those investments is subject to a greater uncertainty and requires greater judgement than would be the case in normal investment market conditions.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

11. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business certain Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of these Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of these Funds against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of these Funds.

Certain Funds hold the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised market.

(b) Options

An option is a contractual agreement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or buy a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by certain Funds are exchange-traded. These Funds are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

(g) Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. These Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Funds' derivative financial instruments at reporting period end are detailed below:

| | Colonial First State Australian Share Fund | | | | | |
|--|--|----------------------|-------------|-----------------------|----------------------|-------------|
| | Contract/ Notional | Fair Values | | Contract/ Notional | Fair Values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | \$'000 | 30/06/2011 \$'000 | \$'000 | \$'000 | 30/06/2010 \$'000 | \$'000 |
| - Australian share price index futures | 1,955 | 18 | - | 2,451 | - | (144) |
| - Warrants | - | 1,159 | - | - | 3,416 | - |
| | 1,955 | 1,177 | - | 2,451 | 3,416 | (144) |

| | Colonial First State Imputation Fund | | | | | |
|--|--------------------------------------|----------------------|-------------|-----------------------|----------------------|-------------|
| | Contract/ Notional | Fair Values | | Contract/ Notional | Fair Values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | \$'000 | 30/06/2011 \$'000 | \$'000 | \$'000 | 30/06/2010 \$'000 | \$'000 |
| - Australian share price index futures | 35,888 | 504 | - | 35,055 | - | (2,155) |
| - Exchange traded options | - | - | - | (361) | - | (361) |
| - Warrants | - | 18,491 | - | - | 50,733 | - |
| | 35,888 | 18,995 | - | 34,694 | 50,733 | (2,516) |

| | Colonial First State Future Leaders Fund | | | | | |
|--|--|----------------------|-------------|-----------------------|----------------------|-------------|
| | Contract/ Notional | Fair Values | | Contract/ Notional | Fair Values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | \$'000 | 30/06/2011 \$'000 | \$'000 | \$'000 | 30/06/2010 \$'000 | \$'000 |
| - Australian share price index futures | 3,911 | 63 | - | 6,286 | - | (325) |
| | 3,911 | 63 | - | 6,286 | - | (325) |

| | Colonial First State Developing Companies Fund | | | | | |
|--|--|----------------------|-------------|-----------------------|----------------------|-------------|
| | Contract/ Notional | Fair Values | | Contract/ Notional | Fair Values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | \$'000 | 30/06/2011 \$'000 | \$'000 | \$'000 | 30/06/2010 \$'000 | \$'000 |
| - Australian share price index futures | 5,406 | 26 | - | - | - | - |
| | 5,406 | 26 | - | - | - | - |

12. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2011 the Funds have no contingent liabilities and commitments (2010 - none).

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

13. EVENTS AFTER BALANCE SHEET DATE

Since the balance date Australian and international share markets have experienced a period of significant falls, impacting on the valuation of the Funds' investment portfolio.

Certain Funds, directly or through their investment in other related managed investment schemes, hold investment positions, including derivatives, that expose it to Australian and international listed equities. As the investments are measured at their 30 June 2011 fair values in the financial report, these subsequent falls in value are not reflected in the Statement of Comprehensive Income and the Balance Sheet. As the Fund allocates all of its investment income to unitholders, the fall in value of investments have been reflected in the current unit price, resulting in a corresponding reduction in net assets attributable to unitholders. The impact of the falls in value are as follows:

| | Unit prices as at 30/06/2011 \$ | Unit prices as at 25/08/2011 \$ | Movement % |
|--|--|--|---------------|
| Colonial First State Conservative Fund | 1.0883 | 1.0570 | (2.88) |
| Colonial First State Balanced Fund | 1.2057 | 1.1401 | (5.44) |
| Colonial First State Diversified Fund | 1.4739 | 1.3711 | (6.97) |
| Colonial First State High Growth Fund | 1.0067 | 0.9137 | (9.24) |
| Colonial First State Australian Share Fund | 1.8759 | 1.7041 | (9.16) |
| Colonial First State Imputation Fund | 3.1217 | 2.8536 | (8.59) |
| Colonial First State Future Leaders Fund | 3.4119 | 3.2174 | (5.70) |
| Colonial First State Developing Companies Fund | 2.1993 | 2.1327 | (3.03) |
| Colonial First State Geared Share Fund | 1.3888 | 1.0492 | (24.45) |
| Colonial First State Global Share Fund | 0.8873 | 0.7848 | (11.55) |
| Colonial First State Global Resources Fund | 1.5481 | 1.3772 | (11.04) |
| Colonial First State Geared Global Share Fund | 0.4468 | 0.3629 | (18.78) |
| Colonial First State Property Securities Fund | 0.4982 | 0.4524 | (9.19) |
| Colonial First State Conservative Fund - Nil Entry Fee Option | 0.8825 | 0.8565 | (2.95) |
| Colonial First State Balanced Fund - Nil Entry Fee Option | 0.824 | 0.7787 | (5.50) |
| Colonial First State Diversified Fund - Nil Entry Fee Option | 0.8221 | 0.7644 | (7.02) |
| Colonial First State Imputation Fund - Nil Entry Fee Option | 0.7666 | 0.7008 | (8.58) |
| Colonial First State Geared Share Fund - Nil Entry Fee Option | 0.4959 | 0.3744 | (24.50) |
| Colonial First State Property Securities Fund - Nil Entry Fee Option | 0.3082 | 0.2797 | (9.25) |

No other matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect the Funds (2010 - None).

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' DECLARATION FOR THE PERIOD ENDED 30 JUNE 2011

In accordance with a resolution of the Directors of Colonial First State Investments Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes to the financial statements of the Colonial First State Managed Investment Funds ("the Funds") are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Funds' financial positions as at 30 June 2011 and of their performances for the period ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- c) Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Bradley Brian Massey
Director
Sydney
30 August 2011



Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds

Report on the financial report

We have audited the accompanying financial report of Colonial First State Managed Investment Funds (the Funds), which comprises the balance sheets as at 30 June 2011, and the statements of comprehensive income, statements of changes in equity and cash flow statements for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

DX 77 Sydney, Australia

T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com/au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Colonial First State Investments Limited on 30 August 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Colonial First State Managed Investment Funds is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Funds' financial positions as at 30 June 2011 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Funds' financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Colonial First State Managed Investment Funds for the period ended 30 June 2011 included on the Colonial First State Investments Limited web site. The Responsible Entity's directors are responsible for the integrity of the Colonial First State Investments Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

A J Wilson
Partner

Sydney
02 September 2011

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

Represented by:

ARSN

Colonial First State Global Health & Biotechnology Fund
Colonial First State Global Technology & Communications Fund

092 203 668
089 744 856

**Financial Report for the
For The Reporting Period Ended 30 June 2011
Responsible Entity of the Funds:**

COLONIAL FIRST STATE INVESTMENTS LIMITED

ABN 98 002 348 352

Ground Floor Tower 1, Sussex Street
SYDNEY NSW 2000

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

INDEX

| | Page |
|---|---------|
| Directors' Report | 1 - 6 |
| Auditor's Independence Declaration | 7 |
| Statements of Comprehensive Income | 8 - 9 |
| Balance Sheets | 10 - 11 |
| Statements of Changes in Equity | 12 |
| Cash Flow Statements | 13 - 14 |
| Notes to the Financial Statements | 15 - 47 |
| Directors' Declaration | 48 |
| Independent Audit Report to the Unitholders | 49 - 50 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Managed Investment Funds ("the Funds"), present their report together with the financial report of the Funds for the financial period ended 30 June 2011.

Reporting Period

The current reporting period for the financial report is from 1 July 2010 to 30 June 2011. The comparative reporting period is from 1 July 2009 to 30 June 2010.

Principal Activities

This financial report consists of two managed funds belonging to the family of Funds known as the Colonial First State Managed Investment Funds. Each of the two Funds have also produced consolidated financial statements which incorporate the Funds that they have controlled during the reporting period.

Colonial First State Global Health & Biotechnology Fund
Colonial First State Global Technology & Communications Fund

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statements and in accordance with the provisions of the Funds' Constitutions.

The Funds achieve their exposure to the investment markets through investments in registered schemes managed by the Responsible Entity.

Principles of Consolidation

The Funds ("the Parent Entities") have produced consolidated financial reports incorporating the financial statements of their subsidiaries ("the Group"). The Parent Entities and their subsidiaries are referred to in the financial statements as the Consolidated Entities.

Subsidiaries are all those entities over which the Parent Entity has a control. Subsidiaries are consolidated from the date on which control is obtained and cease to be consolidated from the date that a loss of control can clearly be demonstrated. The financial statements of subsidiaries are prepared for the same reporting period as their Parent Entities, using consistent accounting policies.

The Parent Entities and their subsidiaries in this financial report are:

| Parent Entity | Subsidiary |
|--|--|
| Colonial First State Global Health & Biotechnology Fund | Colonial First State Wholesale Global Health & Biotechnology Fund |
| Colonial First State Global Technology & Communications Fund | Colonial First State Wholesale Global Technology & Communications Fund |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Date of Constitution and Registration of Funds

The Funds in this financial report and the dates of their Constitution and registration with the Australian Securities and Investments Commission are as follows:

| | Date of Constitution | Date of Registration |
|--|----------------------|----------------------|
| Colonial First State Global Health & Biotechnology Fund | 22/03/2000 | 3/04/2000 |
| Colonial First State Global Technology & Communications Fund | 27/09/1999 | 7/10/1999 |

Review of Operations

The results of the Funds for the period were as follows:

Income

The Funds did not distribute any income for the period ended 30 June 2011 and 30 June 2010.

Exit Prices

The exit price is the price at which unitholders realise an entitlement in a Fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a Fund. NAV unit price is calculated by taking the total fair value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by unitholders on that day. Please refer to the current Product Disclosure Statements for the Colonial First State Managed Investment Funds for details of the current sell spreads for the Funds.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2011, together with comparative unit prices as at 30 June 2010:

| | 30/06/2011 \$ | 30/06/2010 \$ |
|--|------------------|------------------|
| Colonial First State Global Health & Biotechnology Fund | 0.7049 | 0.6743 |
| Colonial First State Global Technology & Communications Fund | 0.4957 | 0.4681 |

Management Costs and Indirect Cost Ratio (ICR)

Management costs include investment expenses, custody fees and management fees paid or payable as provided under the Constitution for a Fund. These costs are not paid directly by the unitholders of a Fund and do not include transactions costs and additional service fees.

The ICR of a Fund is expressed as a percentage of a Fund's management costs over the Fund's average net assets.

The ICR for the Funds of the Parent Entities for the period ended 30 June 2011 and comparatives 30 June 2010 are as follows:

| | ICR | ICR |
|--|-----------------|-----------------|
| | 30/06/2011 % | 30/06/2010 % |
| Colonial First State Global Health & Biotechnology Fund | 2.07 | 2.07 |
| Colonial First State Global Technology & Communications Fund | 2.07 | 2.06 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Review of Operations (continued)

Performance

The performance figures below for the Funds of the Parent Entities have been calculated on an exit price to exit price basis and do not take into account initial application fees.

| | Period ended June 2011 % | Period ended June 2010 % |
|--|--------------------------------|--------------------------------|
| Colonial First State Global Health & Biotechnology Fund | 4.54 | 6.63 |
| Colonial First State Global Technology & Communications Fund | 5.90 | 9.78 |

Responsible Entity and Directors

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed we will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Significant Changes in the State of Affairs

There were no significant changes in the nature of the Funds' activities during the period.

Matters Subsequent to the End of the Financial Period

Since the balance date Australian and international share markets have experienced a period of significant falls, impacting on the valuation of the Funds' investment portfolio.

The Funds, through their investment in other related managed investment schemes, hold investment positions, including derivatives, that expose it to Australian and international listed equities. As the investments are measured at their 30 June 2011 fair values in the financial report, these subsequent falls in value are not reflected in the Statement of Comprehensive Income and the Balance Sheet. As each Fund allocates all of its investment income to unitholders, the fall in value of investments have been reflected in the current unit price, resulting in a corresponding reduction in net assets attributable to unitholders. See Note 13 for the unit prices for these Funds as at 25 August 2011.

No other matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Funds in future financial periods.

Likely Developments and Expected Results of Operations

The Funds will continue to pursue their current investment policies in accordance with the objectives as set out in the current Product Disclosure Statements and the Funds' Constitutions.

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Funds.

Indemnification and Insurance Premiums for Officers and auditors

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the Compliance Committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

Fees Paid to and Interest Held in the Funds by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Funds' assets during the period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the period out of the Funds' assets.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Interests in the Funds

The units issued and redeemed in the Funds during the period and the number of units on issue at the end of the financial period are set out in Note 4 to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

Environmental Regulation

The Funds' operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no significant breaches of any other environmental requirements applicable to the Funds.

Fees Paid to and Interest Held in the Funds by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Funds' assets during the period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the period out of the Funds' assets.

No interests in the Funds were held by the Responsible Entity or its associates at the end of the financial period.

Rounding of amounts to the nearest thousand dollars

The Funds are registered schemes of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Single Financial Report

The Funds are of the kind referred to in Class Order 06/0441 dated 29 June 2006 issued by ASIC and in accordance with that Class Order, Funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceeds from redeeming units in a Fund can be applied to acquire units in other Funds included in this financial report.

Parent Entity Disclosures

The Funds have adopted the provisions noted in class order 10/654 issued by the Australian Securities & Investments Commission that allows registered schemes that present consolidated financial statements to include parent entity financial statements as part of their financial report under Chapter 2M of the Corporations Act 2001.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.

A handwritten signature in black ink, appearing to read 'Bradley Massey', written in a cursive style.

Bradley Brian Massey
Director
Sydney
30 August 2011

Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Managed Investment Funds for the period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Managed Investment Funds and the entities they controlled during the period.

A handwritten signature in dark ink, appearing to be "A J Wilson", written over a horizontal line.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
30 August 2011

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011**

| | | Colonial First State Global Health & Biotechnology Fund | | | |
|--|--------------|--|---|---|---|
| | Notes | Consolidated | | Parent | |
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | |
| Interest income | | 19 | 19 | 1 | 1 |
| Dividend Income | | 280 | 281 | - | - |
| Changes in fair value of financial assets held for trading | | 1,106 | 1,846 | 570 | 1,047 |
| Other income | | 1 | 2 | - | - |
| Net foreign exchange loss | | (127) | (12) | - | - |
| Total investment gain | | 1,279 | 2,136 | 571 | 1,048 |
| Expenses | | | | | |
| Responsible Entity's management fees | 8(c) | 340 | 400 | 106 | 125 |
| Custody fees | | 4 | 7 | - | - |
| Brokerage costs | | 11 | 12 | - | - |
| Other expenses | | - | 2 | - | - |
| Total operating expenses | | 355 | 421 | 106 | 125 |
| Operating profit attributable to unitholders | | 924 | 1,715 | 465 | 923 |
| Changes in net assets attributable to minority interest from operations | | (459) | (792) | - | - |
| Net transfer (to)/from unitholders' funds | 6(a) | (465) | (923) | (465) | (923) |
| Net profit available for distribution | | - | - | - | - |
| Distributions to unitholders | | - | - | - | - |
| Distribution to minority interest | | - | - | - | - |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011**

| | | Colonial First State Global Technology & Communications Fund | | | |
|--|--------------|---|---|---|---|
| | Notes | Consolidated | | Parent | |
| | | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Investment income | | | | | |
| Interest income | | 24 | 18 | 2 | 1 |
| Dividend Income | | 310 | 323 | - | - |
| Distribution Income | | - | - | 44 | 94 |
| Changes in fair value of financial assets held for trading | | 1,377 | 2,168 | 871 | 1,437 |
| Other income | | 2 | 1 | - | - |
| Net foreign exchange loss | | (56) | (3) | - | - |
| Total investment gain | | 1,657 | 2,507 | 917 | 1,532 |
| Expenses | | | | | |
| Responsible Entity's management fees | 8(c) | 353 | 377 | 121 | 133 |
| Custody fees | | 4 | 6 | - | - |
| Brokerage costs | | 24 | 26 | - | - |
| Other expenses | | 1 | 5 | - | 1 |
| Total operating expenses | | 382 | 414 | 121 | 134 |
| Operating profit attributable to unitholders | | 1,275 | 2,093 | 796 | 1,398 |
| Changes in net assets attributable to minority interest from operations | | (455) | (653) | - | - |
| Net transfer (to)/from unitholders' funds | 6(a) | (796) | (1,398) | (796) | (1,398) |
| Net profit available for distribution | | 24 | 42 | - | - |
| Distributions to unitholders | | - | - | - | - |
| Distribution to minority interest | | (24) | (42) | - | - |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income for the period | | - | - | - | - |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Global Health & Biotechnology Fund | | | |
|---|------|---|----------------------|----------------------|----------------------|
| | Note | Consolidated | | Parent | |
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Assets | | | | | |
| Cash and cash equivalents | | 777 | 703 | 33 | 44 |
| Trade and other receivables: | | | | | |
| - application monies | | 12 | 2 | 5 | - |
| - dividends | | 19 | 18 | - | - |
| - interest | | 2 | 2 | - | - |
| - others | | 12 | 17 | 4 | 8 |
| Financial assets held for trading | 5 | 20,060 | 22,176 | 11,600 | 12,969 |
| Total assets | | 20,882 | 22,918 | 11,642 | 13,021 |
| Liabilities | | | | | |
| Trade and other payables: | | | | | |
| - outstanding purchase settlements | | - | 42 | - | - |
| - redemptions | | 3 | 29 | 3 | 15 |
| - others | | - | 18 | - | - |
| Fees due to Responsible Entity | 8(c) | 31 | 34 | 10 | 11 |
| Financial liabilities held for trading | 5 | 43 | 33 | - | - |
| Minority Interest | | 9,176 | 9,767 | - | - |
| Total liabilities (excluding net assets attributable to unitholders) | | 9,253 | 9,923 | 13 | 26 |
| Net assets attributable to unitholders - liability | 6(a) | 11,629 | 12,995 | 11,629 | 12,995 |

Net assets attributable to unitholders is represented by:

| | | |
|--|---------------|---------------|
| Fair value of outstanding units based on redemption value | 11,629 | 12,995 |
| Adjustments arising from different unit pricing and AIFRS valuation principles | - | - |
| Adjustments to period end accruals | - | - |
| Net assets attributable to unitholders | 11,629 | 12,995 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

BALANCE SHEETS AS AT 30 JUNE 2011

| | | Colonial First State Global Technology & Communications Fund | | | |
|---|------|---|----------------------|----------------------|----------------------|
| | Note | Consolidated | | Parent | |
| | | 30/06/2011 \$'000 | 30/06/2010 \$'000 | 30/06/2011 \$'000 | 30/06/2010 \$'000 |
| Assets | | | | | |
| Cash and cash equivalents | | 734 | 906 | 39 | 45 |
| Trade and other receivables: | | | | | |
| - outstanding sales settlement | | 127 | 160 | - | - |
| - application monies | | 11 | 36 | 8 | - |
| - dividends | | 19 | 11 | - | - |
| - interest | | 2 | 2 | - | - |
| - others | | 11 | 12 | 3 | 4 |
| Financial assets held for trading | 5 | 19,063 | 19,321 | 12,852 | 13,963 |
| Total assets | | 19,967 | 20,448 | 12,902 | 14,012 |
| Liabilities | | | | | |
| Trade and other payables: | | | | | |
| - outstanding purchase settlements | | 110 | 152 | - | - |
| - redemptions | | 7 | 19 | 7 | - |
| - others | | 1 | 10 | - | - |
| Distribution payable | | 4 | 10 | - | 6 |
| Fees due to Responsible Entity | 8(c) | 31 | 32 | 11 | 11 |
| Minority Interest | | 6,930 | 6,230 | - | - |
| Total liabilities (excluding net assets attributable to unitholders) | | 7,083 | 6,453 | 18 | 17 |
| Net assets attributable to unitholders - liability | 6(a) | 12,884 | 13,995 | 12,884 | 13,995 |

Net assets attributable to unitholders is represented by:

| | | |
|--|---------------|---------------|
| Fair value of outstanding units based on redemption value | 12,884 | 13,996 |
| Adjustments arising from different unit pricing and AIFRS valuation principles | - | - |
| Adjustments to period end accruals | - | (1) |
| Net assets attributable to unitholders | 12,884 | 13,995 |

The above Balance Sheets should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

| | Colonial First State Global Health & Biotechnology Fund | | Colonial First State Global Technology & Communications Fund | |
|---|---|--------------------------------------|--|--------------------------------------|
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Total equity at the beginning of the financial period | - | - | - | - |
| Profit/(loss) for the period | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - | - | - |
| Total equity at the end of the financial period | - | - | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statements of Changes in Equity should be read in conjunction with Note 6(a).

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

**CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

| Note | Colonial First State Global Health & Biotechnology Fund | | | |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | |
| Proceeds from sale of financial instruments held for trading | 10,960 | 13,718 | 2,096 | 2,365 |
| Payments for purchase of financial instruments held for trading | (7,875) | (9,800) | (158) | (225) |
| Interest received | 19 | 19 | 1 | 1 |
| Dividends received | 278 | 278 | - | - |
| Other income received | - | - | - | - |
| Responsible Entity fee paid | (336) | (407) | (102) | (131) |
| Other expenses paid | (8) | (6) | - | - |
| Payment for brokerage costs | (11) | (12) | - | - |
| Net cash from operating activities 7(a) | 3,027 | 3,790 | 1,837 | 2,010 |
| Cash flows from financing activities | | | | |
| Receipts from issue of units | 639 | 1,383 | 297 | 552 |
| Payment for redemption of units | (3,592) | (5,412) | (2,145) | (2,526) |
| Net cash used in financing activities | (2,953) | (4,029) | (1,848) | (1,974) |
| Net movement in cash and cash equivalents | 74 | (239) | (11) | 36 |
| Add opening cash and cash equivalents brought forward | 703 | 942 | 44 | 8 |
| Closing cash and cash equivalents carried forward | 777 | 703 | 33 | 44 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

**CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011**

| Note | Colonial First State Global Technology & Communications Fund | | | |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash flows from operating activities | | | | |
| Proceeds from sale of financial instruments held for trading | 23,292 | 27,426 | 2,246 | 2,004 |
| Payments for purchase of financial instruments held for trading | (21,743) | (23,974) | (219) | (253) |
| Net repayment or (payment) of mortgage assets | | | | |
| Interest received | 24 | 17 | 2 | 1 |
| Dividends received | 300 | 385 | - | - |
| Other income received | 2 | 1 | - | - |
| Responsible Entity fee paid | (354) | (378) | (122) | (133) |
| Other expenses paid | (7) | (7) | - | - |
| Payment for brokerage costs | (24) | (26) | - | - |
| Net cash from operating activities 7(a) | 1,490 | 3,444 | 1,907 | 1,619 |
| Cash flows from financing activities | | | | |
| Receipts from issue of units | 1,627 | 1,074 | 398 | 506 |
| Payment for redemption of units | (3,279) | (4,083) | (2,311) | (2,107) |
| Distributions paid | (10) | (16) | - | - |
| Net cash used in financing activities | (1,662) | (3,025) | (1,913) | (1,601) |
| Net movement in cash and cash equivalents | (172) | 419 | (6) | 18 |
| Add opening cash and cash equivalents brought forward | 906 | 487 | 45 | 27 |
| Closing cash and cash equivalents carried forward | 734 | 906 | 39 | 45 |

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Funds' Constitutions and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, mortgages and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2011.

Both the functional and presentation currency of the Funds are Australian dollars.

The current reporting period for the financial report is from 1 July 2010 (or date of registration of the Fund) to 30 June 2011. The comparative reporting period is from 1 July 2009 (or date of registration of the Fund) to 30 June 2010.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Entities and their subsidiaries ("the Group").

Subsidiaries are all those entities over which the parent entity has control. The financial statements of subsidiaries are prepared for the same reporting period as their Parent Entities, using consistent accounting policies.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Parent Entity. The purchase method measures the acquiree's assets and liabilities at their fair value at acquisition date.

All inter-fund balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full.

Minority interest in the net profit and net assets of subsidiaries are shown separately in the Statement of Comprehensive Incomes and Balance Sheets respectively.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments in Financial Assets and Liabilities Held for Trading

Classification

The Funds' investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statements of Comprehensive Income.

Recognition/Derecognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For financial assets and financial liabilities held for trading that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market bid prices at the close of business on the balance date.

Share price index (SPI) futures contracts are marked to market according to the bid price on the relevant futures exchange.

Convertible notes have been recognised as fixed interest securities in the Balance Sheets. Upon expiry of the note, if it is converted to shares, the fair value is recognised as listed equity.

For financial liabilities from the short sales of financial instruments that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market ask prices at the close of business on the Balance Sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statements of Comprehensive Income. Investments of the Funds which are considered to be held for trading are equity securities, fixed interest and money market securities, derivatives and investments in Managed Investment Schemes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Funds and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend and Distribution income

Income is recognised when the right to receive the payment is established.

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Changes in fair value of financial assets held for trading

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(f) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call in a futures and/or options cash account and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(g) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(h) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Funds.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(i) Taxation

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute their taxable income.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(k) Transfers to/from Unitholders' Funds

Transfers to/from unitholders' funds may consist of unrealised changes in the fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Transfers to/from unitholders' funds may consist of any under or over distribution of income to unitholders for the period. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to unitholders' funds) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

(l) Unit Prices

Unit prices are determined in accordance with the Fund's Constitution and are calculated as the net assets attributable to unitholders, divided by the number of units on issue. Financial assets and liabilities held for trading for unit pricing purposes are valued on a "last sale" price basis.

(m) Terms and Conditions on Units

Each unit issued confers upon the unitholders an equal interest in the Funds, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Funds. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions;
- attend and vote at meetings of unitholders;
- participate in the termination and winding up of the Funds; and
- have their units redeemed. However the Responsible Entity may suspend the redemption of units in the circumstances set out in the Constitution or when the Funds are not liquid.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(n) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Expense Recognition

Expenses are recognised in the Statements of Comprehensive Income when the Funds have a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statements of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheets.

Dividend Expense - short sell

Dividend expenses on shares sold short are recognised when the Fund has an obligation to pay the dividend. This is generally when the dividend is declared by the Company whose shares have been sold short.

(p) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Pricing models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Pricing models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(q) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds competes for funds and is regulated. The Australian dollar is also the Funds presentation currency.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments (excluding Forward Currency Contracts) that are measured at fair value through profit and loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit and loss.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The impact of these new standards and interpretations is set out below:

- AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded such as available-for-sale investments. The Funds will adopt AASB 9 from 1 January 2013. Management does not expect this will have a significant impact on the Funds' financial statements as the Funds do not hold any available-for-sale investments.

- Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009, the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Funds will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Funds' financial statements.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 *Disclosures on Transfers of Financial Assets* which amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Funds intend to apply the amendment from 1 July 2011.

(s) Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current period.

(t) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the funds are required to distribute their taxable income. The units can be put back to the Funds at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Funds.

2. AUDITORS' REMUNERATION

Auditors' remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

Other services provided by the auditors are the audit of the compliance plan of the Funds and tax compliance services. The auditors' non-audit remuneration is not paid by the Funds.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

3. INTEREST INCOME

The interest income of the Funds are summarised as follows:

| | Colonial First State Global Health & Biotechnology Fund | | | |
|------------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 19 | 19 | 1 | 1 |
| Money market securities | - | - | - | - |
| Fixed interest securities | - | - | - | - |
| Mortgage loans | - | - | - | - |
| Interest rate swaps | - | - | - | - |
| Total Interest Income | 19 | 19 | 1 | 1 |

| | Colonial First State Global Technology & Communications Fund * | | | |
|------------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Cash and cash equivalents | 24 | 18 | 2 | 1 |
| Money market securities | - | - | - | - |
| Fixed interest securities | - | - | - | - |
| Mortgage loans | - | - | - | - |
| Interest rate swaps | - | - | - | - |
| Total Interest Income | 24 | 18 | 2 | 1 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represents the component of the final distribution for the period which had not been paid at balance date.

The Funds did not distribute during the period as they have no distributable income.

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY

The financial assets and liabilities held for trading of the Funds are tabled below. These are further classified using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements of fair value of these assets and liabilities.

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of financial instruments traded in active markets (such as shares in listed companies and publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Funds is the last sale price. These instruments are included in Level 1. Investments in unlisted managed investment schemes which have daily liquidity are also classified as Level 1.

The fair value of financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs (such as over-the-counter derivatives) are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include shares in unlisted companies, certain unlisted unit trusts and certain corporate bonds. As observable inputs are not available for these instruments, valuation techniques such as discounted cash flows are used to derive fair value.

The various methods adopted in determining the fair value of the Funds' financial instruments are further explained in Note 1.

The tables below present the Funds' financial instruments recorded at fair value according to the fair value hierarchy.

| Financial Assets Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|--------------------------------------|---|-------------------|-------------------|-------------------|
| | Consolidated | | | |
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - International stock exchanges | 20,022 | 20,022 | - | - |
| International Derivatives | | | | |
| - Currency Contracts | 38 | - | 38 | - |
| Total Assets Held for Trading | 20,060 | 20,022 | 38 | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY (continued)

| Financial Liabilities Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|--|---|----------------|----------------|----------------|
| | Consolidated | | | |
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| International Derivatives - Currency Contracts | (43) | - | (43) | - |
| Total Liabilities Held for Trading | (43) | - | (43) | - |

| Financial Assets Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|---|---|----------------|----------------|----------------|
| | Parent | | | |
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes - Related Managed Investment Schemes | 11,600 | 11,600 | - | - |
| Total Assets Held for Trading | 11,600 | 11,600 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY (continued)

| Financial Assets Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|--------------------------------------|---|----------------|----------------|----------------|
| | Consolidated | | | |
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - International stock exchanges | 22,154 | 22,042 | 112 | - |
| International Derivatives | | | | |
| - Currency Contracts | 22 | - | 22 | - |
| Total Assets Held for Trading | 22,176 | 22,042 | 134 | - |

| Financial Liabilities Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|---|---|----------------|----------------|----------------|
| | Consolidated | | | |
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| International Derivatives | | | | |
| - Currency Contracts | (33) | - | (33) | - |
| Total Liabilities Held for Trading | (33) | - | (33) | - |

| Financial Assets Held for Trading: | Colonial First State Global Health & Biotechnology Fund | | | |
|--------------------------------------|---|----------------|----------------|----------------|
| | Parent | | | |
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 12,969 | 12,969 | - | - |
| Total Assets Held for Trading | 12,969 | 12,969 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY (continued)

| Financial Assets Held for Trading: | Colonial First State Global Technology & Communications Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | Consolidated | | | |
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - International stock exchanges | 19,063 | 19,026 | 37 | - |
| Total Assets Held for Trading | 19,063 | 19,026 | 37 | - |

| Financial Assets Held for Trading: | Colonial First State Global Technology & Communications Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | Parent | | | |
| | 30/06/2011 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 12,852 | 12,852 | - | - |
| Total Assets Held for Trading | 12,852 | 12,852 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

5. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING INCLUDING HIERARCHY (continued)

| Financial Assets Held for Trading: | Colonial First State Global Technology & Communications Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | Consolidated | | | |
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Listed Equities | | | | |
| - International stock exchanges | 19,321 | 19,321 | - | - |
| Total Assets Held for Trading | 19,321 | 19,321 | - | - |

| Financial Assets Held for Trading: | Colonial First State Global Technology & Communications Fund | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | Parent | | | |
| | 30/06/2010 | | | |
| | Total \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Managed Investment Schemes | | | | |
| - Related Managed Investment Schemes | 13,963 | 13,963 | - | - |
| Total Assets Held for Trading | 13,963 | 13,963 | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

(a) Movements in number of units and net assets attributable to unitholders during the periods were as follows:

| | Colonial First State Global Health & Biotechnology Fund | | | |
|--|---|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 19,274 | 12,995 | 22,232 | 14,061 |
| Applications | 452 | 301 | 815 | 552 |
| Redemptions | (3,229) | (2,132) | (3,773) | (2,541) |
| Units issued upon reinvestment of distributions | - | - | - | - |
| Change in net assets attributable to unitholders from operations | | 465 | | 923 |
| Closing Balance | 16,497 | 11,629 | 19,274 | 12,995 |

| | Colonial First State Global Technology & Communications Fund | | | |
|--|--|---------------|-------------------------|---------------|
| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
| | No.'000 | \$'000 | No.'000 | \$'000 |
| Opening balance | 29,899 | 13,995 | 33,305 | 14,202 |
| Applications | 822 | 406 | 1,064 | 507 |
| Redemptions | (4,728) | (2,313) | (4,470) | (2,113) |
| Units issued upon reinvestment of distributions | - | - | - | - |
| Change in net assets attributable to unitholders from operations | | 796 | | 1,399 |
| Closing Balance | 25,993 | 12,884 | 29,899 | 13,995 |

b) Capital Risk Management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions and market movements.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. Liquid assets include cash and cash equivalents and listed equities and investments in managed investment schemes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities

| | Colonial First State Global Health & Biotechnology Fund | | | |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders and minority interest | 924 | 1,715 | 466 | 923 |
| Distributions to unitholders | - | - | - | - |
| Proceeds from sale of financial instruments held for trading | 10,960 | 13,718 | 2,096 | 2,365 |
| Payments for purchase of financial instruments held for trading | (7,875) | (9,800) | (158) | (225) |
| Changes in fair value of financial instruments held for trading | (1,106) | (1,847) | (570) | (1,048) |
| Dividend/Distribution income reinvested | - | - | - | - |
| Net foreign exchange gain | 127 | 12 | - | - |
| Changes in assets and liabilities: | | | | |
| Dividends receivable | (2) | (8) | - | - |
| Other receivables | 5 | - | 4 | (4) |
| Responsible Entity fees | (3) | - | (1) | - |
| Other payables | (3) | - | - | (1) |
| Net Cash From Operating Activities | 3,027 | 3,790 | 1,837 | 2,010 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)

| | Colonial First State Global Technology & Communications Fund | | | |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|
| | Consolidated | | Parent | |
| | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 | 01/07/2010 - 30/06/2011 \$'000 | 01/07/2009 - 30/06/2010 \$'000 |
| Net profit attributable to unitholders and minority interest | 1,275 | 2,093 | 796 | 1,398 |
| Distributions to unitholders | - | 29 | - | - |
| Proceeds from sale of financial instruments held for trading | 23,292 | 27,426 | 2,246 | 2,004 |
| Payments for purchase of financial instruments held for trading | (21,743) | (23,974) | (219) | (253) |
| Changes in fair value of financial instruments held for trading | (1,377) | (2,168) | (871) | (1,436) |
| Dividend/Distribution income reinvested | (2) | (33) | (44) | (94) |
| Net foreign exchange loss | 56 | 3 | - | - |
| Changes in assets and liabilities: | | | | |
| Dividends receivable | (8) | 65 | - | - |
| Interest receivable | - | - | - | - |
| Other receivables | 3 | - | - | - |
| Responsible Entity fees | (1) | (2) | (1) | - |
| Other payables | (5) | 5 | - | - |
| Net Cash (Used In)/From Operating Activities | 1,490 | 3,444 | 1,907 | 1,619 |

(b) Non-cash financing activities carried out during the year on normal commercial terms and conditions included:

- Reinvestment of unitholders distributions as disclosed in Statements of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".
- Participation in dividend reinvestment plans as disclosed in Note 7(a) under "Dividend/Distribution income reinvested".

(c) Terms and conditions on cash

Cash at bank and in hand, cash held in collateral and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

(ii) Compensation of Key Management Personnel

No amounts are paid by the Funds directly to the Directors of the Responsible Entity of the Funds.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Funds to the Directors as Key Management Personnel.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees

Under the terms of the Constitutions, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of each Fund (i.e. excluding liabilities). Management fees are paid directly by the Funds. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statements of Comprehensive Income reflect only the amount of fees charged directly to the respective Funds.

The management fees rate charged for the following Parent Entities for the period are as follows:

| | 2011 Management Fees % | 2010 Management Fees % |
|--|---|---|
| Colonial First State Global Health & Biotechnology Fund | 2.05 | 2.05 |
| Colonial First State Global Technology & Communications Fund | 2.05 | 2.05 |

The actual management fee rate charged for global investing Funds are lower than those disclosed above. This is due to these Funds being entitled to claim 100% of the Good and Services Tax ("GST") as compared to 75% for domestic investing Funds.

The Responsible Entity's management fees (rebated)/charged for the Parent Entities for the periods ended 30 June 2011 and 30 June 2010 are as follows:

| | 1/07/2010 - 30/06/2011 \$ | 1/07/2009 - 30/06/2010 \$ |
|--|--|--|
| Colonial First State Global Health & Biotechnology Fund | 105,774 | 125,397 |
| Colonial First State Global Technology & Communications Fund | 121,426 | 132,913 |

Fees due to/(from) the Responsible Entity for the Funds of the Parent Entities as at periods ended 30 June 2011 and 30 June 2010 are as follows:

| | 2011 \$ | 2010 \$ |
|--|--------------------|--------------------|
| Colonial First State Global Health & Biotechnology Fund | 9,523 | 10,611 |
| Colonial First State Global Technology & Communications Fund | 10,530 | 11,406 |

(d) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

(e) Related Party Investments of the Funds

Other Funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Colonial First State - Wholesale Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

Colonial First State Investments Limited and its associates in the Funds of the Parent Entities held no interests in the Funds for the period ended 30 June 2011 and 30 June 2010.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. RELATED PARTIES DISCLOSURES (continued)

(f) Related Party Transactions

Related parties

Transactions between the Funds and other registered Funds also managed by the Responsible Entity consisted of the sale of units in the Funds to related Managed Investment Schemes, purchases of units in related Managed Investment Schemes, and receipt and payment of distributions on normal commercial terms and conditions.

The amounts outstanding payable or receivable at period end represent the value of the units (financial liability of the Schemes) issued or held and any amount of interest expense payable or receivable.

Terms and conditions of transactions with related parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

(g) Investing Activities

(i) Managed investment schemes

The following Funds held investments in the following schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

| Investment Name | Units Held at Period End No.'000 | Value of Investment at Period End \$'000 | Interest held in Investment at Period End % | Units Acquired During Period No.'000 | Units Disposed During Period No.'000 | Distribution Received \$'000 |
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|
|-----------------|-------------------------------------|---|--|---|---|---------------------------------|

Colonial First State Global Health & Biotechnology Fund

Units held in

Colonial First State Wholesale Global Health & Biotechnology Fund

| | | | | | | |
|--------|--------|--------|-------|-----|-------|---|
| - 2011 | 14,689 | 11,600 | 55.91 | 213 | 2,843 | - |
| - 2010 | 17,319 | 12,969 | 57.05 | 300 | 3,176 | - |

Colonial First State Global Technology & Communications Fund

Units held in

Colonial First State Wholesale Global Technology & Communications Fund

| | | | | | | |
|--------|--------|--------|-------|-----|-------|----|
| - 2011 | 23,329 | 12,852 | 65.05 | 480 | 4,133 | 44 |
| - 2010 | 26,982 | 13,963 | 69.16 | 660 | 3,822 | 94 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

9. SEGMENT INFORMATION

The Funds operate in one business segment, being investment management. The Funds operate from one geographic location being Australia, from where their investing activities are managed. Revenue is derived from dividends, distributions, interest, gains on the sale of investments, and unrealised changes in the value of investments.

10. FINANCIAL RISK MANAGEMENT

The Funds' activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. Certain Funds use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Compliance Department of the Responsible Entity.

The Funds use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

(a) Market Risk

(i) Price risk

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short and certain derivatives, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) below sets out how this component of price risk is managed and measured.

The Investment Managers mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and are regularly monitored by the Compliance Department of the Responsible Entity.

The table in Note 10(b) summarises the impact of an increase/decrease of the Australian and global indexes on the Funds' net assets attributable to unitholders at 30 June 2011 and 30 June 2010. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled in Note 10(b) with all other variables held constant and that the fair value of the Funds' which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. Funds that invest in various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in the those classes.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk

The Funds hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis.

The Funds may manage this risk by entering into foreign exchange forward contracts and cross currency swaps where applicable. The terms and conditions of these contracts rarely exceed twelve months and are contracted in accordance with the investment guidelines. However, for accounting purposes, these Funds do not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

The Compliance Department of the Responsible Entity regularly monitors these hedging activities.

The table below summarises the Funds' assets and liabilities, monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

| 30/06/2011 | Colonial First State Global Health & Biotechnology Fund | | | | |
|---|---|--------------|---------------|------------------|------------|
| | United States Dollar | Japanese Yen | European Euro | Hong Kong Dollar | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| | Consolidated | | | | |
| Cash and cash equivalents | 392 | - | - | - | - |
| Receivables | 18 | 1 | - | - | - |
| Financial assets held for trading | 18,444 | 1,102 | 353 | 95 | 41 |
| | 18,854 | 1,103 | 353 | 95 | 41 |
| Net increase/decrease in exposure from: | | | | | |
| - foreign currency contract | 515 | (520) | - | - | - |
| | 19,369 | 583 | 353 | 95 | 41 |
| | Parent | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Financial assets held for trading | - | - | - | - | - |
| | - | - | - | - | - |
| Net increase/decrease in exposure from: | | | | | |
| - foreign currency contract | - | - | - | - | - |
| | - | - | - | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk (continued)

| 30/06/2010 | Colonial First State Global Health & Biotechnology Fund | | | | |
|---|---|-----------------|------------------|---------------|---------------|
| | United States Dollar | Japanese Yen | European Euro | Franc | |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| | Consolidated | | | | |
| Cash and cash equivalents | 127 | - | - | - | 12 |
| Receivables | 18 | - | - | - | - |
| Financial assets held for trading | 19,997 | 1,410 | 709 | 178 | (116) |
| Payables | (28) | - | - | - | (14) |
| | 20,114 | 1,410 | 709 | 178 | (118) |
| Net increase/decrease in exposure from: | | | | | |
| - foreign currency contract | 788 | (799) | - | - | - |
| | 20,902 | 611 | 709 | 178 | (118) |
| | Parent | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Financial assets held for trading | - | - | - | - | - |
| | - | - | - | - | - |
| Net increase/decrease in exposure from: | | | | | |
| - foreign currency contract | - | - | - | - | - |
| | - | - | - | - | - |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk (continued)

| 30/06/2011 | Colonial First State Global Technology & Communications Fund | | | | |
|-----------------------------------|--|-----------------|---------------------|------------------|---------------|
| | United States Dollar | Japanese Yen | Hong Kong Dollar | European Euro | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| | Consolidated | | | | |
| Cash and cash equivalents | 306 | - | - | - | 4 |
| Receivables | 144 | - | - | 2 | - |
| Financial assets held for trading | 15,315 | 671 | 609 | 519 | 1,967 |
| Payables | (86) | - | - | (24) | - |
| | 15,679 | 671 | 609 | 497 | 1,971 |
| | Parent | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Financial assets held for trading | - | - | - | - | - |
| Payables | - | - | - | - | - |
| | - | - | - | - | - |

| 30/06/2010 | Colonial First State Global Technology & Communications Fund | | | | |
|-----------------------------------|--|------------------|---------------------|------------------|---------------|
| | United States Dollar | European Euro | Hong Kong Dollar | Taiwan Dollar | Others |
| | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 | AUD \$'000 |
| | Consolidated | | | | |
| Cash and cash equivalents | 276 | - | 5 | 5 | 4 |
| Receivables | 169 | 2 | - | - | - |
| Financial assets held for trading | 16,349 | 738 | 1,213 | 555 | 486 |
| Payables | (88) | - | (63) | - | - |
| | 16,706 | 740 | 1,155 | 560 | 490 |
| | Parent | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Financial assets held for trading | - | - | - | - | - |
| Payables | - | - | - | - | - |
| | - | - | - | - | - |

The table in Note 10(b) summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar strengthened/weakened by 10.1% (2010: 10.6%) against each of the other currencies to which the Funds' are exposed.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk

The Funds which have investments in interest bearing financial assets are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk. The risk is measured using sensitivity analysis.

Certain Funds may also enter into derivatives financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Compliance Department of the Responsible Entity.

The table below summarises the Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values.

| 30/06/2011 | Colonial First State Global Health & Biotechnology Fund | | | |
|---|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| Financial assets | Consolidated | | | |
| Cash and cash equivalents | 777 | - | - | 777 |
| Receivables | - | - | 45 | 45 |
| Financial assets held for trading | - | - | 20,022 | 20,022 |
| Derivatives | - | - | 38 | 38 |
| Financial liabilities | | | | |
| Payables | - | - | (33) | (34) |
| Financial liabilities held for trading - Derivatives | - | - | (43) | (43) |
| Minority Interest | - | - | (9,176) | (9,176) |
| Net exposure | 777 | - | 10,853 | 11,629 |
| Financial assets | Parent | | | |
| Cash and cash equivalents | 33 | - | - | 33 |
| Receivables | - | - | 9 | 9 |
| Financial assets held for trading | - | - | 11,600 | 11,600 |
| Derivatives | - | - | - | - |
| Financial liabilities | | | | |
| Payables | - | - | (13) | (13) |
| Bank overdraft | - | - | - | - |
| Financial liabilities held for trading - Derivatives | - | - | - | - |
| Net exposure | 33 | - | 11,596 | 11,629 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2010 | Colonial First State Global Health & Biotechnology Fund | | | |
|--|---|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| | Consolidated | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 703 | - | - | 703 |
| Receivables | - | - | 39 | 39 |
| Financial assets held for trading | - | - | 22,154 | 22,154 |
| Derivatives | - | - | 22 | 22 |
| Financial liabilities | | | | |
| Payables | - | - | (123) | (123) |
| Financial liabilities held for trading | | | | |
| - Derivatives | - | - | (33) | (33) |
| Minority Interest | - | - | (9,767) | (9,767) |
| Net exposure | 703 | - | 12,292 | 12,995 |
| | Parent | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 44 | - | - | 44 |
| Receivables | - | - | 8 | 8 |
| Financial assets held for trading | - | - | 12,969 | 12,969 |
| Financial liabilities | | | | |
| Payables | - | - | (26) | (26) |
| Net exposure | 44 | - | 12,951 | 12,995 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

| 30/06/2011 | Colonial First State Global Technology & Communications Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| | Consolidated | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 734 | - | - | 734 |
| Receivables | - | - | 170 | 170 |
| Financial assets held for trading | - | - | 19,063 | 19,063 |
| Financial liabilities | | | | |
| Payables | - | - | (153) | (153) |
| Minority Interest | - | - | (6,930) | (6,930) |
| Net exposure | 734 | - | 12,150 | 12,884 |
| | Parent | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 39 | - | - | 39 |
| Receivables | - | - | 11 | 11 |
| Financial assets held for trading | - | - | 12,852 | 12,852 |
| Financial liabilities | | | | |
| Payables | - | - | (18) | (18) |
| Net exposure | 39 | - | 12,845 | 12,884 |

| 30/06/2010 | Colonial First State Global Technology & Communications Fund | | | |
|-----------------------------------|--|----------------------------------|-----------------------------------|-----------------|
| | Floating interest rate \$'000 | Fixed interest rate \$'000 | Non-interest bearing \$'000 | Total \$'000 |
| | Consolidated | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 906 | - | - | 906 |
| Receivables | - | - | 221 | 221 |
| Financial assets held for trading | - | - | 19,321 | 19,321 |
| Financial liabilities | | | | |
| Payables | - | - | (223) | (223) |
| Minority Interest | - | - | (6,230) | (6,230) |
| Net exposure | 906 | - | 13,089 | 13,995 |
| | Parent | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 45 | - | - | 45 |
| Receivables | - | - | 4 | 4 |
| Financial assets held for trading | - | - | 13,963 | 13,963 |
| Financial liabilities | | | | |
| Payables | - | - | (17) | (17) |
| Net exposure | 45 | - | 13,950 | 13,995 |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk (continued)

(iii) Interest rate risk (continued)

An analysis of financial liabilities by maturities is provided in paragraph (d) below.

The table in Note 9(b) summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 60 basis points (2010: +/- 60 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

(b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Funds' operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

| 30/06/2011 | Colonial First State Global Health & Biotechnology Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | Consolidated | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | (4) | 4 | (42) | 42 | (4,325) | 4,325 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| 30/06/2010 | (4) | 4 | - | - | (5,050) | 5,050 |
| 30/06/2011 | Parent | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | - | - | - | - | (2,506) | 2,506 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| | 30/06/2010 | - | - | - | - | (2,957) |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

| 30/06/2011 | Colonial First State Global Technology & Communications Fund | | | | | |
|------------|--|----------------------------|-----------------------|------------------|-------------------|------------------|
| | Interest rate risk | | Foreign exchange risk | | Price risk | |
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | | |
| | Consolidated | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | (4) | 4 | (35) | 35 | (4,118) | 4,118 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| 30/06/2010 | (5) | 5 | - | - | (4,404) | 4,404 |
| 30/06/2011 | Parent | | | | | |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.10% \$'000 | 10.10% \$'000 | -21.60% \$'000 | 21.60% \$'000 |
| | - | - | - | - | (2,776) | 2,776 |
| | -60 basis points \$'000 | +60 basis points \$'000 | -10.60% \$'000 | 10.60% \$'000 | -22.80% \$'000 | 22.80% \$'000 |
| | 30/06/2010 | - | - | - | - | (3,184) |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

Some Funds transact in derivatives in the over the counter (OTC) markets. OTC derivatives are entered into directly with the counterparty as there is no Clearing House arrangement. Such transactions are only dealt through suitably credit-worthy counterparties, whom have a minimum long term credit rating of BBB as rated by Standard and Poor's or an equivalent agency. The maximum exposure to credit risk for these OTC derivatives is the contract/notional amount, as shown in Note 11.

Certain Funds invest in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

The Compliance Department of the Responsible Entity regularly monitors the credit risks that arise from holding these securities.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard and Poor's or equivalent agency).

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets and the contract/notional amount of the OTC derivatives. An analysis of debt securities by rating is set out in the table below for the Funds which have such securities.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are either traded in an active market or are managed investment schemes which are managed by the Responsible Entity and can be readily disposed. Only a limited proportion of its assets are held in investments that are not actively traded on a stock exchange or are managed investment schemes which are managed by the Responsible Entity.

The majority of the Funds' listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at year end.

The Funds' financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

The table below analyses the Funds' derivative financial instruments into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts disclosed in the table are the contractual undiscounted gross cash flows expected to be paid or received, determined by reference to the conditions existing at the year end date. The contractual amounts can be settled on a gross or net basis.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

| 30/06/2011 | Colonial First State Global Health & Biotechnology Fund | | | | | | |
|---------------------------------------|---|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Foreign currency forward contracts | Consolidated | | | | | | |
| | | | | | | | |
| | - | 513 | - | - | - | - | 513 |
| Inflows | - | (518) | - | - | - | - | (518) |
| (Outflows) | | | | | | | |
| Foreign currency forward contracts | Parent | | | | | | |
| | | | | | | | |
| | - | - | - | - | - | - | - |
| Inflows | - | - | - | - | - | - | - |
| (Outflows) | | | | | | | |

| 30/06/2010 | Colonial First State Global Health & Biotechnology Fund | | | | | | |
|---------------------------------------|---|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------------|-----------------|
| | Less than 1 month \$'000 | 1 - 3 months \$'000 | 3 - 12 months \$'000 | 1 - 2 years \$'000 | 2 - 3 years \$'000 | More than 3 years \$'000 | Total \$'000 |
| Foreign currency forward contracts | Consolidated | | | | | | |
| | | | | | | | |
| | - | - | 768 | - | - | - | 768 |
| Inflows | - | - | (776) | - | - | - | (776) |
| (Outflows) | | | | | | | |
| Foreign currency forward contracts | Parent | | | | | | |
| | | | | | | | |
| | - | - | - | - | - | - | - |
| Inflows | - | - | - | - | - | - | - |
| (Outflows) | | | | | | | |

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

10. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value Estimation

The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

The Funds value their investments in accordance with the accounting policies set out in Note 1. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and listed securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Funds is the last bid price. The quoted market price used for equity securities sold short by certain Funds is the current asking price. Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

Investments in unlisted managed investment schemes are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives and investments in unlisted securities) is determined using valuation techniques. These Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

As a result of the developments in global markets, generally known as the global financial crisis, liquidity in some investment markets has decreased significantly. As a result, the volume of trading in some of the investments held by the Funds has decreased significantly, and accordingly the valuation of those investments is subject to a greater uncertainty and requires greater judgement than would be the case in normal investment market conditions.

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

11. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business certain Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of these Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of these Funds against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of these Funds.

The Funds hold the following derivative instrument:

Forward currency contracts

Forward currency contracts are primarily used by certain Funds to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. These Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Funds recognise a gain or loss equal to the change in fair value at the reporting date.

| Colonial First State Global Health & Biotechnology Fund | | | | | | |
|---|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | Contract/ Notional | Fair Values | | Contract/ Notional | Fair Values | |
| | | Assets | Liabilities | | Assets | Liabilities |
| | | 30/06/2011 | | | 30/06/2010 | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Consolidated | | | | | | |
| - Foreign currency forward contracts | 513 | 38 | (43) | 768 | 22 | (33) |
| | 513 | 38 | (43) | 768 | 22 | (33) |

12. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2011 the Funds have no contingent liabilities and commitments (2010 - none).

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

13. EVENTS AFTER BALANCE SHEET DATE

Since the balance date Australian and international share markets have experienced a period of significant falls, impacting on the valuation of the Funds' investment portfolio.

The Funds, through their investment in other related managed investment schemes, hold investment positions, including derivatives, that expose it to Australian and international listed equities. As the investments are measured at their 30 June 2011 fair values in the financial report, these subsequent falls in value are not reflected in the Statement of Comprehensive Income and the Balance Sheet. As each Fund allocates all of its investment income to unitholders, the fall in value of investments have been reflected in the current unit price, resulting in a corresponding reduction in net assets attributable to unitholders. The impact of the falls in value are as follows:

| | Unit prices as at 30/06/2011 \$ | Unit prices as at 25/08/2011 \$ | Movement % |
|--|--|--|---------------|
| Colonial First State Global Health & Biotechnology Fund | 0.7049 | 0.6229 | (11.63) |
| Colonial First State Global Technology & Communications Fund | 0.4957 | 0.4344 | (12.37) |

No other matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect the Funds (2010 - None).

COLONIAL FIRST STATE MANAGED INVESTMENT FUNDS

DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Colonial First State Managed Investment Funds ("the Funds") are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standards, the *Corporations Regulations* 2001 and other mandatory professional reporting requirements;
 - ii) giving a true and fair view of the Funds' financial position as at 30 June 2011 and of its performance for the reporting period ended on that date,
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable, and
- c) Note 1(b) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Bradley Brian Massey
Director
Sydney
30 August 2011



Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds

Report on the financial report

We have audited the accompanying financial report of Colonial First State Managed Investment Funds (the Funds), which comprises the balance sheets as at 30 June 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both the Funds (the consolidated entities) and the entities they controlled. The consolidated entities comprise the Funds and the entities they controlled at the period end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Topwer 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1711

DX 77 Sydney, Australia

T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's report to the unitholders of Colonial First State Managed Investment Funds (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Colonial First State Investments Limited on 30 August 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Colonial First State Managed Investment Funds is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Funds' and consolidated entities' financial positions as at 30 June 2011 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Colonial First State Managed Investment Funds for the period ended 30 June 2011 included on the Colonial First State Investments Limited web site. The Responsible Entity's directors are responsible for the integrity of the Colonial First State Investments Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

A J Wilson
Partner

Sydney
02 September 2011

**COLONIAL FIRST STATE MORTGAGE INCOME FUND -
ENTRY FEE OPTION**

ARSN 088 902 783

ABN 67 567 746 778

**FINANCIAL REPORT
FOR THE REPORTING PERIOD 30 JUNE 2011**

Responsible Entity of the Fund:

**COLONIAL FIRST STATE
INVESTMENTS LIMITED
ABN 98 002 348 352**

Ground Floor Tower 1, Sussex Street
SYDNEY NSW 2000

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

INDEX

| | Page |
|---|---------|
| Directors' Report | 1 - 4 |
| Auditor's Independence Declaration | 5 |
| Statement of Comprehensive Income | 6 |
| Balance Sheet | 7 |
| Statement of Changes in Equity | 8 |
| Cash Flow Statement | 9 |
| Notes to the Financial Statements | 10 - 23 |
| Directors' Declaration | 24 |
| Independent Audit Report to the Unitholders | 25 - 26 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Mortgage Income Fund - Entry Fee Option ("the Fund"), present their report together with the financial report of the Fund for the reporting period ended 30 June 2011.

Reporting Period

The current reporting period for the financial report is from 1 July 2010 to 30 June 2011. The comparative reporting period is from 1 July 2009 to 30 June 2010.

Termination of the Fund

On 12 February 2010, the Board of Directors of the Responsible Entity approved the termination of the Fund in accordance with the provisions of the Constitution. The effective date of the termination was 1 March 2010.

The Responsible Entity is currently in the process of realising the assets of the Fund. The Responsible Entity is expecting to make periodic payments to unitholders every three months depending on the amount of cash available in the Fund. The following is a breakdown of the total repayment of capital made to the date of this report:

Net Asset Value (NAV) as at Date of Termination: \$ 697,688,226

| Repayment Date | Amount Repaid \$ | Proportion of NAV repaid since termination date % |
|------------------------------------|---------------------|--|
| 15 March 2010 | 109,667,695 | 15.73% |
| 10 June 2010 | 79,489,333 | 11.39% |
| 15 September 2010 | 81,283,981 | 11.65% |
| 15 December 2010 | 78,025,251 | 11.18% |
| 15 March 2011 | 38,371,873 | 5.50% |
| 15 June 2011 | 71,964,423 | 10.31% |
| Total Repayment of capital: | 458,802,556 | 65.76% |

Principal Activities

The principal activities of the Fund were to invest in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution. Following the Fund's termination, the Responsible Entity is in the process of realising the assets in the Fund and returning to unitholders the net proceeds to reduce the remaining capital.

Date of Constitution and Registration of the Fund

The dates of the Constitution and registration of the Fund with the Australian Securities & Investments Commission (ASIC) were 10 August 1998 and 13 August 1999 respectively.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Review of Operations

The results of the Fund for the reporting periods were as follows:

Income

The income distributions per unit for the Fund for the period ended 30 June 2011 and 30 June 2010 are shown in Note 4 to the financial statements.

Unit Price

Prior to termination the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

Performance

There is no meaningful performance as the Fund has been terminated.

Management Costs and Indirect Cost Ratio (ICR)

The Indirect Cost Ratio is the ratio of the Fund's management costs over the Fund's average net assets attributable for the period, expressed as a percentage.

Management cost include management fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Fund.

The ICR of the Fund for the period ended 30 June 2011 is 1.15% (30 June 2010 was 1.15%).

Responsible Entity and Directors

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen
Lynette Elizabeth Cobley
Brian Vincent Bissaker
Michael John Venter
Peter Robert Winney
Bradley Brian Massey
Gregg Johnston

Appointed on 4 July 2011.

Resigned on 4 July 2011.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Unit Pricing Adjustments Policy

Prior to termination the unit price of the Fund was \$1.00. There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed we will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

Matters Subsequent to the End of the Financial Period

No matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect the termination process of the Fund.

Likely Developments and Expected Results of Operations

With the exception of the termination of the Fund, the Responsible Entity is not aware of any other likely developments which would impact upon the future operations of the Fund.

Significant Changes in the State of Affairs

There was no significant change in the nature of the Fund's activities during the reporting period.

Indemnification and Insurance Premiums for Officers and auditors

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the compliance committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

Fees Paid to and Interest Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Fund's assets during the reporting period are disclosed in Note 7(c) to the financial statements.

No fees were paid to the Directors of the Responsible Entity during the reporting period out of the Fund's assets.

There are no interests in the Fund held by the Responsible Entity or its associates at the end of the reporting period.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Interests in the Fund

The units issued and redeemed in the Fund during the reporting period and the number of units on issue at the end of the reporting period are set out in Note 5(a) to the financial statements. The value of the Fund's investments at the end of the reporting period is set out in the Balance Sheet.

Environmental Regulations

The operations of the Fund are not subject to any particular environmental regulations under Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Applications, Withdrawals and Switches Suspension

Effective from 3.00pm Friday 24th October 2008, the Fund was declared illiquid and the application, withdrawal and switch processes were suspended, with the exception of distributions reinvested. The application of units through the reinvestment of distributions would continue to be processed in accordance with the Product Disclosure Statement.

The suspension was to ensure withdrawal requests could be responded to in a measured and orderly way in the best interests of unitholders.

From October 2008 to September 2009, the Responsible Entity processed withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. Payments were also made from time to time from the Fund where the Financial Hardship criteria was met (refer to Note 12). The cash available in the Fund was dependant on asset sales and the repayment of maturing mortgages in the underlying Fund in which the Fund invests. Any payment made in respect of a withdrawal or switch request was calculated at a unit price determined at the time the payment was made.

Due to the termination of the Fund, no further applications, switches or withdrawal offers will be made by/to unitholders. Please refer to Note 12 for details on the quarterly withdrawal offers made during the period. The last withdrawal offer payment occurred in September 2009.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 5.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Bradley Brian Massey
Director
Sydney
30 August 2011

Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Mortgage Income Fund - Entry Fee Option for the period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Mortgage Income Fund - Entry Fee Option during the period.



A J Wilson
Partner
PricewaterhouseCoopers

Sydney
30 August 2011

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

| | Note | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|------|----------------------------------|----------------------------------|
| Investment income | | | |
| Interest income | 3 | 136,247 | 213,519 |
| Distribution income | | 7,868,002 | 14,625,294 |
| Changes in fair value of financial assets held for trading | | 18,213,036 | (17,232,077) |
| Total investment (loss)/income | | 26,217,285 | (2,393,264) |
| Expenses | | | |
| Responsible Entity's management fees | 7(c) | 4,533,938 | 7,920,871 |
| Other expenses | | 85 | 95 |
| Total operating expenses | | 4,534,023 | 7,920,966 |
| Operating (loss)/profit attributable to unitholders | | 21,683,262 | (10,314,230) |
| Distributions to unitholders | 4 | - | (15,452,696) |
| Change in net assets attributable to unitholders from operations | 5(a) | (21,683,262) | 25,766,926 |
| Profit/(Loss) for the period | | - | - |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | - | - |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

BALANCE SHEET AS AT 30 JUNE 2011

| | Note | 30/06/2011 \$ | 30/06/2010 \$ |
|---|------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 4,632,260 | 3,835,933 |
| Trade and other receivables: | | | |
| - application monies | | - | 193,901 |
| - interests | | 19,445 | 15,835 |
| - others | | 95,169 | 178,932 |
| Financial assets held for trading | | | |
| - Unlisted managed investment scheme | 13 | 257,265,787 | 506,223,607 |
| Total assets | | 262,012,661 | 510,448,208 |
| Liabilities | | | |
| Trade and other payables: | | | |
| - redemptions | | 7,813 | 201,714 |
| Fees due to Responsible Entity | 7(c) | 279,217 | 558,597 |
| Total liabilities (excluding net assets attributable to unitholders) | | 287,030 | 760,311 |
| Net assets attributable to unitholders - liability | 5(a) | 261,725,631 | 509,687,897 |

The above Balance Sheet should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

STATEMENT OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|----------------------------------|----------------------------------|
| Total equity at the beginning of the financial period | - | - |
| Profit or loss for the period | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income for the financial period | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - |
| Total equity at the end of the financial period | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statement of Changes in Equity should be read in conjunction with Note 5(a).

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

**CASH FLOW STATEMENT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

| | Note | 01/07/2010 - 30/06/2011 | 01/07/2009 - 30/06/2010 |
|---|------|----------------------------|----------------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments held for trading | | 510,182,776 | 439,356,423 |
| Payments for purchase of financial instruments held for trading | | (240,658,138) | (197,580,208) |
| Distributions received | | 5,514,220 | - |
| Interest received | | 132,637 | 295,435 |
| Other income received | | (1,107) | - |
| Responsible Entity fee paid | | (4,728,448) | (9,563,300) |
| Other expenses paid | | (85) | (87,368) |
| Net cash from operating activities | 6(a) | 270,441,855 | 232,420,982 |
| Cash flows from financing activities | | | |
| Receipts from issue of units | | - | 4,745,439 |
| Payment for redemption of units | | - | (42,321,482) |
| Repayment of capital | | (269,645,528) | (189,157,028) |
| Distributions paid | | - | (9,262,556) |
| Net cash used in financing activities | | (269,645,528) | (235,995,627) |
| Net movement in cash and cash equivalents | | 796,327 | (3,574,645) |
| Add opening cash and cash equivalents brought forward | | 3,835,933 | 7,410,578 |
| Closing cash and cash equivalents carried forward | | 4,632,260 | 3,835,933 |

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial statements for the period ended 30 June 2011, have not been prepared on a going concern basis, but instead prepared on a liquidation basis.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, mortgages and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2011.

Both the functional and presentation currency of the Fund is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Investments in Financial Assets and Liabilities Held for Trading

Classification

The Fund's investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statement of Comprehensive Income.

Recognition/Derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Fund no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the unit price as established by the underlying Fund's Responsible Entity

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Investments of the Fund which are considered to be held for trading are investments in Managed Investment Schemes

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Distribution income

Income is recognised when the right to receive the payment is established.

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Changes in fair value of financial assets held for trading

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(e) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(g) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(h) Taxation

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distribute their taxable income.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Distributions

In accordance with the Fund's Constitution, the Fund fully distributes their distributable income to unitholders. Distributions are payable at the end of each month. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(j) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the fund is required to distribute its taxable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

(k) Unit Prices

Prior to termination the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

(l) Terms and Conditions on Units

The Fund was terminated on 1 March 2010. From the termination date, the issue, switching and redemption of units ceased.

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund.

Following termination, under the Constitution of the Fund, the Responsible Entity will realise all assets of the Fund and distribute the net proceeds among unitholders pro rata to the number of units held on the termination date. The Responsible Entity may make partial distributions of the Fund proceeds during the winding up period. Each unitholder will also continue to be entitled to their proportionate share of distributable income during this period.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(m) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Expense Recognition

Expenses are recognised in the Statement of Comprehensive Income when the Fund has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statement of Comprehensive Incomes if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

(o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain estimates and assumptions may also be used in the valuation of the assets in the unlisted related Managed Investment Schemes. The Colonial First State Wholesale Pooled Mortgage Fund invests directly into mortgages. The unit price of this Fund includes estimates in relation to the recoverability of the underlying mortgages.

(p) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The impact of these new standards and interpretations is set out below:

- *AASB 9 Financial Instruments* and *AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded such as available-for-sale investments. The Fund will adopt AASB 9 from 1 January 2013. Management does not expect this will have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

- *Revised AASB 124 Related Party Disclosures* and *AASB 2009-12 Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009, the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Fund's financial statements.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) New Application of Accounting Standards (continued)

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Fund intends to apply the amendment from 1 July 2011.

- Amendments to AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. Management does not expect that any adjustments will be necessary as a result of applying the revised rules.

2. AUDITORS' REMUNERATION

Auditors' remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

Other services provided by the auditors are the audit of the compliance plan of the Fund and tax compliance services. The auditors' non-audit remuneration is not paid by the Fund.

3. INTEREST INCOME

The interest income of the Fund was summarised as follows:

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|------------------------------|----------------------------------|----------------------------------|
| Cash and cash equivalents | 136,247 | 213,519 |
| Total Interest Income | 136,247 | 213,519 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represents the component of the final distribution for the period which had not been paid at balance date.

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the periods were:

| Period ended: | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
|-------------------------------------|-------------------------|----------|-------------------------|-------------------|
| | Income rate % | \$ | Income rate % | \$ |
| - 31 July | - | - | 4.75 | 3,073,873 |
| - 31 August | - | - | 4.25 | 3,035,751 |
| - 30 September | - | - | 4.25 | 2,564,339 |
| - 31 October | - | - | 3.00 | 1,889,574 |
| - 30 November | - | - | 2.60 | 1,653,009 |
| - 31 December | - | - | 2.60 | 1,617,787 |
| - 31 January | - | - | 2.60 | 1,618,363 |
| - 28 February | - | - | - | - |
| - 31 March | - | - | - | - |
| - 30 April | - | - | - | - |
| - 31 May | - | - | - | - |
| - 30 June | - | - | - | - |
| Distributions to unitholders | | - | | 15,452,696 |

The Fund calculates and accrues income on a daily basis on account balances. Income is distributed at the end of each month.

5. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

(a) Movements in number of units and net assets attributable to unitholders during the periods were as follows:

| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | No. | \$ | No. | \$ |
| Opening balance | 732,040,649 | 509,687,897 | 762,536,881 | 754,495,748 |
| Applications | - | - | 4,939,340 | 4,939,340 |
| Redemptions | - | - | (43,135,362) | (42,523,027) |
| Units issued upon reinvestment of distributions | - | - | 7,699,790 | 7,699,790 |
| Change in net assets attributable to unitholders from operations | | 21,683,262 | | (25,766,926) |
| Repayment of capital | | (269,645,528) | | (189,157,028) |
| Closing Balance | 732,040,649 | 261,725,631 | 732,040,649 | 509,687,897 |

(b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Fund is currently in the process of being terminated. The proceeds of the assets of the Fund will proportionately be distributed to unitholders as the assets are realised. Accordingly, the Fund is no longer subject to liquidity risk.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

6. CASH AND CASH EQUIVALENTS

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|---|----------------------------------|----------------------------------|
| Net profit/(Net loss) attributable to unitholders | 21,683,262 | (10,314,230) |
| Proceeds from sale of financial instruments held for trading | 510,182,776 | 439,356,423 |
| Payments for purchase of financial instruments held for trading | (240,658,138) | (197,580,208) |
| Changes in fair value of financial instruments held for trading | (18,213,036) | 17,232,077 |
| Distribution income reinvested | (2,353,782) | (14,625,294) |
| Changes in assets and liabilities: | | |
| Interest receivable | (3,610) | 81,916 |
| Other receivables | 83,763 | 171,655 |
| Responsible Entity fees | (279,380) | (1,814,084) |
| Other payables | - | (87,273) |
| Net Cash From Operating Activities | 270,441,855 | 232,420,982 |

(b) Terms and conditions on cash

Cash at bank and in hand and cash equivalents earn interest at floating rate as determined by the financial institutions.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

7. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

(ii) Compensation of Key Management Personnel

No amounts are paid by the Fund directly to the Directors of the Responsible Entity of the Fund.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Fund to the Directors as Key Management Personnel.

(c) Responsible Entity's Management Fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive a monthly management fee which is expressed as a percentage of the total assets of the Fund (i.e. excluding liabilities). Management fees are paid directly by the Fund. Management fees are calculated at 1.15% per annum (2009 - 1.15% per annum). All related party transactions are conducted on normal commercial terms and conditions.

In addition to the management fee stated above a performance fee may also be payable for the Fund.

(d) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

7. RELATED PARTIES DISCLOSURES (continued)

(e) Investing Activities

The Fund held the following schemes managed by Colonial First State Investments Limited:

| Securities name | Shares/ Units Held at Period End No. | Value of Investment at Period End \$ | Interest held in Investment at Period End % | Shares/ Units acquired During Period No. | Shares/ Units disposed of During Period No. | Dividend/ Distribution received \$ |
|-----------------|--|--|---|--|---|---|
|-----------------|--|--|---|--|---|---|

Colonial First State Mortgage Income Fund - Entry Fee Option

Units held in

Colonial First State Wholesale Cash Fund

| | | | | | | |
|--------|------------|------------|------|-------------|-------------|-----------|
| - 2011 | 14,941,079 | 15,100,948 | 0.23 | 240,354,689 | 242,996,631 | 2,105,961 |
| - 2010 | 17,583,021 | 17,737,752 | 0.27 | 92,785,871 | 75,202,850 | 503,537 |

Units held in

Colonial First State Wholesale Pooled Mortgage Fund

| | | | | | | |
|--------|-------------|-------------|-------|-----------|-------------|-----------|
| - 2011 | 240,314,418 | 242,164,839 | 40.07 | - | 227,840,744 | 5,514,220 |
| - 2010 | 468,155,162 | 452,799,672 | 40.07 | 9,882,190 | 175,120,738 | 9,708,869 |

Units held in

Colonial First State Wholesale Mortgage Backed Securities Fund

| | | | | | | |
|--------|------------|------------|-------|-------------|-------------|-----------|
| - 2011 | - | - | - | - | 36,083,097 | 247,815 |
| - 2010 | 36,083,097 | 35,686,183 | 38.26 | 110,329,368 | 195,546,821 | 4,412,887 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

8. SEGMENT REPORTING

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location being Australia, from where its investing activities are managed. Income is derived from distribution, interest, gains on the sale of investments, and unrealised changes in the value of investments.

9. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk) and credit risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund was exposed. Financial risk management was carried out by the investment management department (Investment Manager) and regularly monitored by the Compliance Department of the Responsible Entity.

(a) Market Risk

(i) Price risk

The Fund's financial assets were indirectly exposed to price risk. This arises from investments in unlisted managed investment schemes, which was also managed by the Responsible Entity, for which prices in the future were uncertain. They were classified on the balance sheet at fair value through profit or loss. These investments present a risk of loss of capital.

The table in Note 9(b) summarises the impact of an increase/decrease of the Australian indexes on the Fund's net assets attributable to unitholders at 30 June 2011 and 30 June 2010. The analysis was based on the assumptions that the relevant indexes increased or decreased as tabled in Note 9(b) with all other variables held constant. and that the fair value of the Funds' which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. Fund that invests in various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in the those classes.

(ii) Interest rate risk

The Fund's exposure to interest rate risk was limited to its cash and cash equivalents, which earns a floating rate of interest.

The table in Note 9(b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis was based on the assumption that interest rates changed by +/- 60 basis points (2010: +/- 60 basis points) from the period end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Fund's operating profit or loss and net assets attributable to unitholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

| | Interest rate risk | | Price risk | | |
|------------|--|------------------------|--------------|-------------|--------|
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | | |
| | -60 basis points \$ | +60 basis points \$ | -0.60% \$ | 0.60% \$ | |
| | 30/06/2011 | (27,794) | 27,794 | (90,606) | 90,606 |
| | -60 basis points \$ | +60 basis points \$ | -0.60% \$ | 0.60% \$ | |
| 30/06/2010 | (23,016) | 23,016 | (3,037,342) | 3,037,342 | |

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The Fund's investment in managed investment schemes are also subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Fund are the same as the underlying investment, the credit risk is deemed to be insignificant, with the exception of its investment in the Colonial First State Wholesale Pooled Mortgage Fund.

The underlying investments of the Colonial First State Wholesale Pooled Mortgage Fund are predominately mortgages which are subject to counterparty default risk.

Upon origination of each mortgage the credit risk of the mortgagee is analysed using the following measures:

- interest cover ratio,
- mortgage loan to value ratio,
- credit checks on mortgagee,
- suitability of security property,
- asset position of mortgagee and
- overall interest cover position of the mortgagee.

The Colonial First State Wholesale Pooled Mortgage Fund is exposed to the underlying credit quality of the mortgagee and the assets that are held as securities. The Investment Manager manages these credit risks by performing;

- mortgages are reviewed periodically to reassess the above factors,
- mortgages in arrears are reported to risk and credit committee on a monthly basis, and
- review of mortgage portfolio undertaken as necessary in light of changed market conditions.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard and Poor's or equivalent agency).

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Fair Value Estimation

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

The Fund's financial liabilities primarily consist of trade payables which include redemptions payable to unitholders at period end as well as other payables such as the accruals of management fees and distributions payable at period end. All financial liabilities of the Funds are contractually due within 30 days.

10. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2011, the Fund does not have any contingent liabilities or commitments (2010 - None).

11. EVENTS OCCURRING AFTER BALANCE DATE

Since the reporting date no significant events have occurred that required reporting (2010 - none).

12. REDEMPTIONS

Prior to the termination of the Fund, unitholders could request redemptions from the Fund in accordance with the terms of any withdrawal offer made by the Responsible Entity or under Financial Hardship withdrawal criteria (pursuant to relief from the Australian Securities & Investments Commission (ASIC)), subject to the Fund having available cash. Due to the termination of the Fund, no further withdrawal offers will be made to unitholders.

A withdrawal offer was opened to unitholders on 25 November 2009 but was cancelled on 22 December 2009 due to the identification of a small number of mortgages in the underlying Colonial First State Wholesale Pooled Mortgage Fund portfolio which had the potential to become bad debts. The last withdrawal offer payment made to unitholders occurred on 9 September 2009.

Financial Hardship Payments

A unitholder could request a Financial Hardship withdrawal which meets at least one of the criteria below. The amount of withdrawal payments were subject to limits set out in the ASIC relief.

- (i) severe financial hardship (e.g. where the unitholder is unable to meet reasonable and immediate living expenses);
- (ii) on compassionate grounds (e.g. medical costs for serious illness, funeral expenses, to prevent foreclosure, binding pre-existing financial obligation); and
- (iii) in the case of permanent incapacity.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

12. REDEMPTIONS (continued)

Withdrawal Offers

The withdrawal offers were made and processed in accordance with Section 601KB of the Corporations Act 2001 to all unitholders in the Fund:

- (i) where there was sufficient cash available to meet all withdrawal requests made by unitholders under the offer, all requests were met in full; or
- (ii) where there was not sufficient cash available to meet all withdrawal requests made by unitholders under the offer, requests were processed on a proportional basis. The Responsible Entity may have set a minimum payment for a withdrawal offer.

The total redemptions requested and paid in the withdrawal offer that was open to unitholders during the prior period were as follows:

| Redemption offer period | Total redemptions requested \$ | Total redemptions paid \$ | Payment Date |
|--------------------------------|-----------------------------------|------------------------------|------------------|
| 15 July 2009 to 18 August 2009 | 105,587,248 | 33,454,114 | 9 September 2009 |

Since the termination of the Fund no further withdrawal offers have been made and the fund is in the process of repaying capital to unitholders.

13. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of financial instruments traded in active markets (such as shares in listed companies and publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the last sale price. These instruments are included in Level 1. Investments in unlisted managed investment schemes which have daily liquidity are also classified as Level 1.

The fair value of financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs (such as over-the-counter derivatives) are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 investments can include unlisted unit trusts without daily liquidity.

The Fund invests in unlisted managed investment schemes also managed by the Responsible Entity. With the exception of the Fund's investment in the Colonial First State Wholesale Pooled Mortgage Fund, the fair value of the managed investment schemes are based on quoted market prices or alternative pricing sources supported by observable units and therefore classified as Level 1.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

13. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

The Colonial First State Wholesale Pooled Mortgage Fund is currently illiquid and therefore classified as a Level 3 investment. The units in this Fund, which are valued by the Responsible Entity, reflect the fair value of the underlying mortgages. The main exposure to the valuation is the credit risk relating to the underlying mortgages. The sensitivity of the fair value of the underlying mortgages is dependent upon the cashflow of each individual mortgage which has too many variables to quantify. However if the level of default increased or decreased by 1%, the impact to the net assets of the Fund would increase or decrease by approximately 0.86%.

The table below classifies the Fund's financial instruments under the Fair Value Hierarchy:

| Financial Assets Held for Trading: | 30/6/2011 | | | |
|---|-------------------|---------------|--------------------|--------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 15,100,948 | - | 242,164,839 | 257,265,787 |
| Total Assets Held for Trading | 15,100,948 | - | 242,164,839 | 257,265,787 |

| Financial Assets Held for Trading: | 30/6/2010 | | | |
|---|-------------------|---------------|--------------------|--------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 53,423,935 | - | 452,799,672 | 506,223,607 |
| Total Assets Held for Trading | 53,423,935 | - | 452,799,672 | 506,223,607 |

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2011 and 30 June 2010:

| | 2011 Total \$ | 2010 Total \$ |
|---|---------------------|---------------------|
| Opening balance as at 1 July | 452,799,672 | 631,683,546 |
| Gains and losses recognised in profit or loss | 17,571,353 | 11,730,720 |
| Purchases | - | 9,708,869 |
| Sales | (228,206,186) | (176,862,023) |
| Closing balance as at 30 June | 242,164,839 | 452,799,672 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - ENTRY FEE OPTION

DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Colonial First State Mortgage Income Fund - Entry Fee Option ("the Fund") are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the reporting period ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Bradley Brian Massey
Director
Sydney
30 August 2011



Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund- Entry Fee Option

Report on the financial report

We have audited the accompanying financial report of Colonial First State Mortgage Income Fund - Entry Fee Option (the Fund), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

DX 77 Sydney, Australia

T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com/au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund- Entry Fee Option (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Colonial First State Investments Limited on 30 August 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Colonial First State Mortgage Income Fund - Entry Fee Option is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the Director's Report (page 1 of the financial report) and to Note 1 of the financial report which states that the Fund was terminated on 1 March 2010 in accordance with the provisions of the Fund's constitution.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Colonial First State Mortgage Income Fund - Entry Fee Option for the period ended 30 June 2011 included on the Colonial First State Investments Limited web site. The Responsible Entity's directors are responsible for the integrity of the Colonial First State Investments Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



PricewaterhouseCoopers



A J Wilson
Partner

Sydney
02 September 2011

**COLONIAL FIRST STATE MORTGAGE INCOME FUND -
NIL ENTRY FEE OPTION**

ARSN 096 011 988

ABN 90 842 618 378

**FINANCIAL REPORT
FOR THE REPORTING PERIOD 30 JUNE 2011**

Responsible Entity of the Fund:

**COLONIAL FIRST STATE
INVESTMENTS LIMITED
ABN 98 002 348 352**

Ground Floor Tower 1, Sussex Street
SYDNEY NSW 2000

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

INDEX

| | Page |
|---|-------------|
| Directors' Report | 1 - 4 |
| Auditor's Independence Declaration | 5 |
| Statement of Comprehensive Income | 6 |
| Balance Sheet | 7 |
| Statement of Changes in Equity | 8 |
| Cash Flow Statement | 9 |
| Notes to the Financial Statements | 10 - 23 |
| Directors' Declaration | 24 |
| Independent Audit Report to the Unitholders | 25 - 26 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Colonial First State Mortgage Income Fund - Nil Entry Fee Option ("the Fund"), present their report together with the financial report of the Fund for the reporting period ended 30 June 2011.

Reporting Period

The current reporting period for the financial report is from 1 July 2010 to 30 June 2011. The comparative reporting period is from 1 July 2009 to 30 June 2010.

Termination of the Fund

On 12 February 2010, the Board of Directors of the Responsible Entity approved the termination of the Fund in accordance with the provisions of the Constitution. The effective date of the termination was 1 March 2010.

The Responsible Entity is currently in the process of realising the assets of the Fund. The Responsible Entity is expecting to make periodic payments to unitholders every three months depending on the amount of cash available in the Fund. The following is a breakdown of the total repayment of capital made to the date of this report:

Net Asset Value (NAV) as at Date of Termination: \$ 117,400,852

| Repayment Date | Amount Repaid \$ | Proportion of NAV repaid since termination date % |
|------------------------------------|---------------------|--|
| 15 March 2010 | 18,438,862 | 15.71% |
| 10 June 2010 | 13,509,138 | 11.51% |
| 15 September 2010 | 13,671,203 | 11.64% |
| 15 December 2010 | 13,119,947 | 11.18% |
| 15 March 2011 | 6,414,317 | 5.46% |
| 15 June 2011 | 12,070,283 | 10.28% |
| Total Repayment of capital: | 77,223,750 | 65.78% |

Principal Activities

The principal activities of the Fund were to invest in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution. Following the Fund's termination, the Responsible Entity is in the process of realising the assets in the Fund and returning to unitholders the net proceeds to reduce the remaining capital.

Date of Constitution and Registration of the Fund

The dates of the Constitution and registration of the Fund with the Australian Securities & Investments Commission (ASIC) were 16 February 2001 and 27 February 2001 respectively.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

Review of Operations

The results of the Fund for the reporting periods were as follows:

Income

The income distributions per unit for the Fund for the period ended 30 June 2011 and 30 June 2010 are shown in Note 4 to the financial statements.

Unit Price

Prior to termination the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

Performance

There is no meaningful performance as the Fund has been terminated.

Management Costs and Indirect Cost Ratio (ICR)

The Indirect Cost Ratio is the ratio of the Fund's management costs over the Fund's average net assets attributable for the period, expressed as a percentage.

Management cost include management fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Fund.

The ICR of the Fund for the period ended 30 June 2011 is 1.55% (30 June 2010 was 1.55%).

Responsible Entity and Directors

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen
Lynette Elizabeth Cobley
Brian Vincent Bissaker
Michael John Venter
Peter Robert Winney
Bradley Brian Massey
Gregg Johnston

Appointed on 4 July 2011.

Resigned on 4 July 2011.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

Scheme Information

The Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

**DIRECTORS' REPORT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

Unit Pricing Adjustments Policy

Prior to termination the unit price of the Fund was \$1.00. There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed we will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

Matters Subsequent to the End of the Financial Period

No matters or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect the termination process of the Fund.

Likely Developments and Expected Results of Operations

With the exception of the termination of the Fund, the Responsible Entity is not aware of any other likely developments which would impact upon the future operations of the Fund.

Significant Changes in the State of Affairs

There was no significant change in the nature of the Fund's activities during the reporting period.

Indemnification and Insurance Premiums for Officers and auditors

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the compliance committee members. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the insurance contracts.

Fees Paid to and Interest Held in the Fund by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of the Fund's assets during the reporting period are disclosed in Note 7(c) to the financial statements.

No fees were paid to the Directors of the Responsible Entity during the reporting period out of the Fund's assets.

There are no interests in the Fund held by the Responsible Entity or its associates at the end of the reporting period.

**DIRECTORS' REPORT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

Interests in the Fund

The units issued and redeemed in the Fund during the reporting period and the number of units on issue at the end of the reporting period are set out in Note 5(a) to the financial statements. The value of the Fund's investments at the end of the reporting period is set out in the Balance Sheet.

Environmental Regulations

The operations of the Fund are not subject to any particular environmental regulations under Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Applications, Withdrawals and Switches Suspension

Effective from 3.00pm Friday 24th October 2008, the Fund was declared illiquid and the application, withdrawal and switch processes were suspended, with the exception of distributions reinvested. The application of units through the reinvestment of distributions would continue to be processed in accordance with the Product Disclosure Statement.

The suspension was to ensure withdrawal requests could be responded to in a measured and orderly way in the best interests of unitholders.

From October 2008 to September 2009, the Responsible Entity processed withdrawal and switch requests on a quarterly basis (or such other intervals determined from time to time), depending on the level of cash available within the Fund to meet those requests at that time. Payments were also made from time to time from the Fund where the Financial Hardship criteria was met (refer to Note 12). The cash available in the Fund was dependant on asset sales and the repayment of maturing mortgages in the underlying Fund in which the Fund invests. Any payment made in respect of a withdrawal or switch request was calculated at a unit price determined at the time the payment was made.

Due to the termination of the Fund, no further applications, switches or withdrawal offers will be made by/to unitholders. Please refer to Note 12 for details on the quarterly withdrawal offers made during the period. The last withdrawal offer payment occurred in September 2009.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 5.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Bradley Brian Massey
Director
Sydney
30 August 2011

Auditor's Independence Declaration

As lead auditor for the audit of Colonial First State Mortgage Income Fund - Nil Entry Fee Option for the period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Colonial First State Mortgage Income Fund - Nil Entry Fee Option during the period.



A J Wilson
Partner
PricewaterhouseCoopers

Sydney
30 August 2011

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

| | Note | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|------|----------------------------------|----------------------------------|
| Investment income | | | |
| Interest income | 3 | 24,584 | 27,929 |
| Distribution income | | 1,287,785 | 2,454,091 |
| Changes in fair value of financial assets held for trading | | 3,077,951 | (2,908,609) |
| Total investment (loss)/income | | 4,390,320 | (426,589) |
| Expenses | | | |
| Responsible Entity's management fees | 7(c) | 1,040,645 | 1,798,266 |
| Other expenses | | 74 | 80 |
| Total operating expenses | | 1,040,719 | 1,798,346 |
| Operating (loss)/profit attributable to unitholders | | 3,349,601 | (2,224,935) |
| Distributions to unitholders | 4 | - | (2,300,808) |
| Change in net assets attributable to unitholders from operations | 5(a) | (3,349,601) | 4,525,743 |
| Profit/(Loss) for the period | | - | - |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | - | - |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

BALANCE SHEET AS AT 30 JUNE 2011

| | Note | 30/06/2011 \$ | 30/06/2010 \$ |
|---|------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | | 829,919 | 634,175 |
| Trade and other receivables: | | | |
| - interests | | 3,436 | 2,330 |
| - others | | 21,656 | 40,826 |
| Financial assets held for trading | | | |
| - Unlisted managed investment scheme | | 42,578,120 | 84,745,409 |
| Total assets | | 43,433,131 | 85,422,740 |
| Liabilities | | | |
| Others | | 11 | 10 |
| Fees due to Responsible Entity | 7(c) | 63,874 | 127,335 |
| Total liabilities (excluding net assets attributable to unitholders) | | 63,885 | 127,345 |
| Net assets attributable to unitholders - liability | 5(a) | 43,369,246 | 85,295,395 |

The above Balance Sheet should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

STATEMENT OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|--|----------------------------------|----------------------------------|
| Total equity at the beginning of the financial period | - | - |
| Profit or loss for the period | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income for the financial period | - | - |
| Transactions with equity holders in their capacity as equity holders | - | - |
| Total equity at the end of the financial period | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statement of Changes in Equity should be read in conjunction with Note 5(a).

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

**CASH FLOW STATEMENT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

| | Note | 01/07/2010 - 30/06/2011 | 01/07/2009 - 30/06/2010 |
|---|------|----------------------------|----------------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Proceeds from sale of financial instruments held for trading | | 87,364,348 | 71,557,848 |
| Payments for purchase of financial instruments held for trading | | (41,761,939) | (31,027,030) |
| Distributions received | | 930,616 | - |
| Interest received | | 23,478 | 27,146 |
| Responsible Entity fee paid | | (1,084,936) | (2,172,817) |
| Other expenses paid | | (73) | (80) |
| Net cash from operating activities | 6(a) | 45,471,494 | 38,385,067 |
| Cash flows from financing activities | | | |
| Receipts from issue of units | | - | 1,264,985 |
| Payment for redemption of units | | - | (6,721,250) |
| Repayment of capital | | (45,275,750) | (31,948,000) |
| Distributions paid | | - | (1,391,266) |
| Net cash used in financing activities | | (45,275,750) | (38,795,531) |
| Net movement in cash and cash equivalents | | 195,744 | (410,464) |
| Add opening cash and cash equivalents brought forward | | 634,175 | 1,044,639 |
| Closing cash and cash equivalents carried forward | | 829,919 | 634,175 |

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial statements for the period ended 30 June 2011, have not been prepared on a going concern basis, but instead prepared on a liquidation basis.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be settled within twelve months, except for financial assets held for trading, mortgages and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2011.

Both the functional and presentation currency of the Fund is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(c) Investments in Financial Assets and Liabilities Held for Trading

Classification

The Fund's investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statement of Comprehensive Income.

Recognition/Derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Fund no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Measurement

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the unit price as established by the underlying Fund's Responsible Entity

Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income. Investments of the Fund which are considered to be held for trading are investments in Managed Investment Schemes

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Distribution income

Income is recognised when the right to receive the payment is established.

Interest income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Changes in fair value of financial assets held for trading

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(e) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(g) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(h) Taxation

Under current legislation, the Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Fund and the Fund fully distribute their taxable income.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Distributions

In accordance with the Fund's Constitution, the Fund fully distributes their distributable income to unitholders. Distributions are payable at the end of each month. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(j) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the fund is required to distribute its taxable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

(k) Unit Prices

Prior to termination the unit price of the Fund was \$1.00 and interest was calculated and accrued daily.

(l) Terms and Conditions on Units

The Fund was terminated on 1 March 2010. From the termination date, the issue, switching and redemption of units ceased.

Each unit issued confers upon the unitholders an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund.

Following termination, under the Constitution of the Fund, the Responsible Entity will realise all assets of the Fund and distribute the net proceeds among unitholders pro rata to the number of units held on the termination date. The Responsible Entity may make partial distributions of the Fund proceeds during the winding up period. Each unitholder will also continue to be entitled to their proportionate share of distributable income during this period.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(m) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Expense Recognition

Expenses are recognised in the Statement of Comprehensive Income when the Fund has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statement of Comprehensive Incomes if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheet.

(o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain estimates and assumptions may also be used in the valuation of the assets in the unlisted related Managed Investment Schemes. The Colonial First State Wholesale Pooled Mortgage Fund invests directly into mortgages. The unit price of this Fund includes estimates in relation to the recoverability of the underlying mortgages.

(p) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The impact of these new standards and interpretations is set out below:

- *AASB 9 Financial Instruments* and *AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded such as available-for-sale investments. The Fund will adopt AASB 9 from 1 January 2013. Management does not expect this will have a significant impact on the Fund's financial statements as the Fund does not hold any available-for-sale investments.

- *Revised AASB 124 Related Party Disclosures* and *AASB 2009-12 Amendments to Australian Accounting Standards* (effective from 1 January 2011)

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) New Application of Accounting Standards (continued)

In December 2009, the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Fund's financial statements.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Fund intends to apply the amendment from 1 July 2011.

- Amendments to AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. Management does not expect that any adjustments will be necessary as a result of applying the revised rules.

2. AUDITORS' REMUNERATION

Auditors' remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

Other services provided by the auditors are the audit of the compliance plan of the Fund and tax compliance services. The auditors' non-audit remuneration is not paid by the Fund.

3. INTEREST INCOME

The interest income of the Fund was summarised as follows:

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|------------------------------|----------------------------------|----------------------------------|
| Cash and cash equivalents | 24,584 | 27,929 |
| Total Interest Income | 24,584 | 27,929 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represents the component of the final distribution for the period which had not been paid at balance date.

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the periods were:

| Period ended: | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
|-------------------------------------|-------------------------|----|-------------------------|------------------|
| | Income rate % | \$ | Income rate % | \$ |
| - 31 July | - | - | 4.35 | 471,178 |
| - 31 August | - | - | 3.85 | 464,888 |
| - 30 September | - | - | 3.85 | 390,500 |
| - 31 October | - | - | 2.60 | 275,992 |
| - 30 November | - | - | 2.20 | 237,592 |
| - 31 December | - | - | 2.20 | 230,350 |
| - 31 January | - | - | 2.20 | 230,308 |
| - 28 February | - | - | - | - |
| - 31 March | - | - | - | - |
| - 30 April | - | - | - | - |
| - 31 May | - | - | - | - |
| - 30 June | - | - | - | - |
| Distributions to unitholders | | - | | 2,300,808 |

The Fund calculates and accrues income on a daily basis on account balances. Income is distributed at the end of each month.

5. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

(a) Movements in number of units and net assets attributable to unitholders during the periods were as follows:

| | 01/07/2010 - 30/06/2011 | | 01/07/2009 - 30/06/2010 | |
|--|-------------------------|-------------------|-------------------------|-------------------|
| | No. | \$ | No. | \$ |
| Opening balance | 123,138,723 | 85,295,395 | 127,569,103 | 126,079,519 |
| Applications | - | - | 1,265,133 | 1,265,132 |
| Redemptions | - | - | (6,841,250) | (6,721,250) |
| Units issued upon reinvestment of distributions | - | - | 1,145,737 | 1,145,737 |
| Change in net assets attributable to unitholders from operations | | 3,349,601 | | (4,525,743) |
| Repayment of capital | - | (45,275,750) | | (31,948,000) |
| Closing Balance | 123,138,723 | 43,369,246 | 123,138,723 | 85,295,395 |

(b) Capital Risk Management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Fund is currently in the process of being terminated. The proceeds of the assets of the Fund will proportionately be distributed to unitholders as the assets are realised. Accordingly, the Fund is no longer subject to liquidity risk.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

6. CASH AND CASH EQUIVALENTS

(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities

| | 01/07/2010 - 30/06/2011 \$ | 01/07/2009 - 30/06/2010 \$ |
|---|----------------------------------|----------------------------------|
| Net profit/(Net loss) attributable to unitholders | 3,349,601 | (2,224,935) |
| Proceeds from sale of financial instruments held for trading | 87,364,348 | 71,557,848 |
| Payments for purchase of financial instruments held for trading | (41,761,939) | (31,027,030) |
| Changes in fair value of financial instruments held for trading | (3,077,951) | 2,908,609 |
| Distribution income reinvested | (357,169) | (2,454,091) |
| Changes in assets and liabilities: | | |
| Interest receivable | (1,106) | (783) |
| Other receivables | 19,170 | 32,551 |
| Responsible Entity fees | (63,461) | (407,102) |
| Other payables | 1 | - |
| Net Cash From Operating Activities | 45,471,494 | 38,385,067 |

(b) Terms and conditions on cash

Cash at bank and in hand and cash equivalents earn interest at floating rate as determined by the financial institutions.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

7. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Fund is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Grahame Anthony Petersen

Lynette Elizabeth Cobley

Brian Vincent Bissaker

Michael John Venter

Appointed on 4 July 2011.

Peter Robert Winney

Bradley Brian Massey

Gregg Johnston

Resigned on 4 July 2011.

(ii) Compensation of Key Management Personnel

No amounts are paid by the Fund directly to the Directors of the Responsible Entity of the Fund.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Fund to the Directors as Key Management Personnel.

(c) Responsible Entity's Management Fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive a monthly management fee which is expressed as a percentage of the total assets of the Fund (i.e. excluding liabilities). Management fees are paid directly by the Fund. Management fees are calculated at 1.55% per annum (2010 - 1.55% per annum). All related party transactions are conducted on normal commercial terms and conditions.

In addition to the management fee stated above a performance fee may also be payable for the Fund.

(d) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

7. RELATED PARTIES DISCLOSURES (continued)

(e) Investing Activities

The Fund held the following schemes managed by Colonial First State Investments Limited:

| Securities name | Shares/ Units Held at Period End No. | Value of Investment at Period End \$ | Interest held in Investment at Period End % | Shares/ Units acquired During Period No. | Shares/ Units disposed of During Period No. | Dividend/ Distribution received \$ |
|-----------------|--|--|---|--|---|---|
|-----------------|--|--|---|--|---|---|

Colonial First State Mortgage Income Fund - Nil Entry Fee Option

Units held in

Colonial First State Wholesale Cash Fund

| | | | | | | |
|--------|-----------|-----------|------|------------|------------|---------|
| - 2011 | 1,690,703 | 1,708,794 | 0.03 | 41,659,706 | 41,586,454 | 310,661 |
| - 2010 | 1,617,451 | 1,631,685 | 0.02 | 13,491,585 | 11,874,134 | 62,925 |

Units held in

Colonial First State Wholesale Pooled Mortgage Fund

| | | | | | | |
|--------|------------|------------|------|-----------|------------|-----------|
| - 2011 | 40,557,036 | 40,869,326 | 6.76 | - | 38,451,936 | 930,616 |
| - 2010 | 79,008,972 | 76,417,478 | 6.76 | 1,665,003 | 28,969,369 | 1,635,760 |

Units held in

Colonial First State Wholesale Mortgage Backed Securities Fund

| | | | | | | |
|--------|-----------|-----------|------|------------|------------|---------|
| - 2011 | - | - | - | - | 6,770,724 | 46,501 |
| - 2010 | 6,770,724 | 6,696,246 | 7.18 | 18,480,626 | 31,808,283 | 755,407 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

8. SEGMENT REPORTING

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location being Australia, from where its investing activities are managed. Income is derived from distribution, interest, gains on the sale of investments, and unrealised changes in the value of investments.

9. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk) and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Fund was exposed. Financial risk management was carried out by the investment management department (Investment Manager) and regularly monitored by the Compliance Department of the Responsible Entity.

(a) Market Risk

(i) Price risk

The Fund's financial assets were indirectly exposed to price risk. This arises from investments in unlisted managed investment schemes, which was also managed by the Responsible Entity, for which prices in the future were uncertain. They were classified on the balance sheet at fair value through profit or loss. These investments present a risk of loss of capital.

The table in Note 9(b) summarises the impact of an increase/decrease of the Australian indexes on the Fund's net assets attributable to unitholders at 30 June 2011 and 30 June 2010. The analysis was based on the assumptions that the relevant indexes increased or decreased as tabled in Note 9(b) with all other variables held constant and that the fair value of the Fund which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. The Fund invests into various asset classes, such as multi-sector Funds, will have a weighted average movement calculated based on the proportion of their investments in the those classes.

(ii) Interest rate risk

The Fund's exposure to interest rate risk was limited to its cash and cash equivalents, which earns a floating rate of interest.

The table in Note 9(b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis was based on the assumption that interest rates changed by +/- 60 basis points (2010: +/- 60 basis points) from the period end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Fund's operating profit or loss and net assets attributable to unitholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

| | Interest rate risk | | Price risk | |
|------------|--|------------------------|--------------|-------------|
| | Impact on operating profit/(loss) and net assets attributable to unitholders | | | |
| 30/06/2011 | -60 basis points \$ | +60 basis points \$ | -0.60% \$ | 0.60% \$ |
| | (4,980) | 4,980 | (10,253) | 10,253 |
| 30/06/2010 | -60 basis points \$ | +60 basis points \$ | -0.60% \$ | 0.60% \$ |
| | (3,171) | 3,171 | (508,472) | 508,472 |

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. The Fund's investment in managed investment schemes are also subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Fund are the same as the underlying investment, the credit risk is deemed to be insignificant, with the exception of its investment in the Colonial First State Wholesale Pooled Mortgage Fund.

The underlying investments of the Colonial First State Wholesale Pooled Mortgage Fund are predominately mortgages which are subject to counterparty default risk.

Upon origination of each mortgage the credit risk of the mortgagee is analysed using the following measures:

- interest cover ratio,
- mortgage loan to value ratio,
- credit checks on mortgagee,
- suitability of security property,
- asset position of mortgagee and
- overall interest cover position of the mortgagee.

The Colonial First State Wholesale Pooled Mortgage Fund is exposed to the underlying credit quality of the mortgagee and the assets that are held as securities. The Investment Manager manages these credit risks by performing;

- mortgages are reviewed periodically to reassess the above factors,
- mortgages in arrears are reported to risk and credit committee on a monthly basis, and
- review of mortgage portfolio undertaken as necessary in light of changed market conditions.

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher (as determined by the Standard and Poor's or equivalent agency).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2011**

9. FINANCIAL RISK MANAGEMENT (continued)

(d) Fair Value Estimation

The carrying amounts of the Fund's assets and liabilities at the balance sheet date approximate their fair values.

The Fund's financial liabilities primarily consist of trade payables which include redemptions payable to unitholders at period end as well as other payables such as the accruals of management fees and distributions payable at period end. All financial liabilities of the Funds are contractually due within 30 days.

10. CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2011, the Fund does not have any contingent liabilities or commitments (2010 - None).

11. EVENTS OCCURRING AFTER BALANCE DATE

Since the reporting date no significant events have occurred that required reporting (2010 - none).

12. REDEMPTIONS

Prior to the termination of the Fund, unitholders could request redemptions from the Fund in accordance with the terms of any withdrawal offer made by the Responsible Entity or under Financial Hardship withdrawal criteria (pursuant to relief from the Australian Securities & Investments Commission (ASIC)), subject to the Fund having available cash. Due to the termination of the Fund, no further withdrawal offers will be made to unitholders.

A withdrawal offer was opened to unitholders on 25 November 2009 but was cancelled on 22 December 2009 due to the identification of a small number of mortgages in the underlying Colonial First State Wholesale Pooled Mortgage Fund portfolio which had the potential to become bad debts. The last withdrawal offer payment made to unitholders occurred on 9 September 2009.

Financial Hardship Payments

A unitholder could request a Financial Hardship withdrawal which meets at least one of the criteria below. The amount of withdrawal payments were subject to limits set out in the ASIC relief.

- (i) severe financial hardship (e.g. where the unitholder is unable to meet reasonable and immediate living expenses);
- (ii) on compassionate grounds (e.g. medical costs for serious illness, funeral expenses, to prevent foreclosure, binding pre-existing financial obligation); and
- (iii) in the case of permanent incapacity.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

12. REDEMPTIONS (continued)

Withdrawal Offers

The withdrawal offers were made and processed in accordance with Section 601KB of the Corporations Act 2001 to all unitholders in the Fund:

- (i) where there was sufficient cash available to meet all withdrawal requests made by unitholders under the offer, all requests were met in full; or
- (ii) where there was not sufficient cash available to meet all withdrawal requests made by unitholders under the offer, requests were processed on a proportional basis. The Responsible Entity may have set a minimum payment for a withdrawal offer.

The total redemptions requested and paid in the withdrawal offer that was open to unitholders during the prior period were as follows:

| Redemption offer period | Total redemptions requested \$ | Total redemptions paid \$ | Payment Date |
|--------------------------------|-----------------------------------|------------------------------|------------------|
| 15 July 2009 to 18 August 2009 | 16,297,674 | 5,031,230 | 9 September 2009 |

Since the termination of the Fund no further withdrawal offers have been made and the fund is in the process of repaying capital to unitholders.

13. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of financial instruments traded in active markets (such as shares in listed companies and publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the last sale price. These instruments are included in Level 1. Investments in unlisted managed investment schemes which have daily liquidity are also classified as Level 1.

The fair value of financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs (such as over-the-counter derivatives) are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 investments can include unlisted unit trusts without daily liquidity.

The Fund invests in unlisted managed investment schemes also managed by the Responsible Entity. With the exception of the Fund's investment in the Colonial First State Wholesale Pooled Mortgage Fund, the fair value of the managed investment schemes are based on quoted market prices or alternative pricing sources supported by observable units and therefore classified as Level 1.

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

13. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (continued)

The Colonial First State Wholesale Pooled Mortgage Fund is currently illiquid and therefore classified as a Level 3 investment. The units in this Fund, which are valued by the Responsible Entity, reflect the fair value of the underlying mortgages. The main exposure to the valuation is the credit risk relating to the underlying mortgages. The sensitivity of the fair value of the underlying mortgages is dependent upon the cashflow of each individual mortgage which has too many variables to quantify. However if the level of default increased or decreased by 1%, the impact to the net assets of the Fund would increase or decrease by approximately 0.87%.

The table below classifies the Fund's financial instruments under the Fair Value Hierarchy:

| Financial Assets Held for Trading: | 30/6/2011 | | | |
|---|------------------|---------------|-------------------|-------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 1,708,794 | - | 40,869,326 | 42,578,120 |
| Total Assets Held for Trading | 1,708,794 | - | 40,869,326 | 42,578,120 |

| Financial Assets Held for Trading: | 30/6/2010 | | | |
|---|------------------|---------------|-------------------|-------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| | | | | |
| Managed Investment Schemes - Related Managed Investment Schemes | 8,327,931 | - | 76,417,478 | 84,745,409 |
| Total Assets Held for Trading | 8,327,931 | - | 76,417,478 | 84,745,409 |

The following table presents the movement in Level 3 instruments for the reporting period ended 30 June 2011 and 30 June 2010:

| | 2011 Total \$'000 | 2010 Total \$'000 |
|---|-------------------------|-------------------------|
| Opening balance as at 1 July | 76,417,478 | 106,026,292 |
| Gains and losses recognised in profit or loss | 2,965,457 | (1,983,814) |
| Purchases | - | 1,636,000 |
| Sales | (38,513,609) | (29,261,000) |
| Closing balance as at 30 June | 40,869,326 | 76,417,478 |

COLONIAL FIRST STATE MORTGAGE INCOME FUND - NIL ENTRY FEE OPTION

DIRECTORS' DECLARATION FOR THE REPORTING PERIOD ENDED 30 JUNE 2011

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Colonial First State Mortgage Income Fund - Entry Fee Option ("the Fund") are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the reporting period ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Bradley Brian Massey
Director
Sydney
30 August 2011



Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund- Nil Entry Fee Option

Report on the financial report

We have audited the accompanying financial report of Colonial First State Mortgage Income Fund - Nil Entry Fee Option (the Fund), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Colonial First State Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

DX 77 Sydney, Australia

T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com/au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's report to the unitholders of Colonial First State Mortgage Income Fund- Nil Entry Fee Option (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Colonial First State Investments Limited on 30 August 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Colonial First State Mortgage Income Fund - Nil Entry Fee Option is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the Director's Report (page 1 of the financial report) and to Note 1 of the financial report which states that the Fund was terminated on 1 March 2010 in accordance with the provisions of the Fund's constitution.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Colonial First State Mortgage Income Fund - Nil Entry Fee Option for the period ended 30 June 2011 included on the Colonial First State Investments Limited web site. The Responsible Entity's directors are responsible for the integrity of the Colonial First State Investments Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.


PricewaterhouseCoopers



A J Wilson
Partner

Sydney
02 September 2011

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

Enquiries

Investor Services: **13 13 36**

Website: colonialfirststate.com.au

Email: contactus@colonialfirststate.com.au